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du bien-être social**

measuring poverty:

1981 poverty lines

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There is no poverty line for all of Canada. Three different definitions of poverty provide three methods for calculating poverty lines. Moreover each approach varies its poverty lines according to family size, so in fact there are three sets of poverty lines from which to choose.

Statistics Canada

The most widely used poverty lines are the "low income cut-offs" which Statistics Canada employs to produce statistics on the low-income population. Though Statistics Canada does not regard its low income cut-offs as official poverty lines, the National Council of Welfare follows common practice in using them as poverty lines.

The low income cut-offs are based on a subsistence conception of poverty. When the low income cut-offs were last revised, Canadian households spent on average 42% of their income on food, clothing and shelter. Since poor families must devote an above-average proportion of their limited income to basic necessities, the cut-offs were set at levels where 62% of income (20 percentage points above the average) went to the essentials of life. Any family or individual with an income at or below the relevant low income cut-off can be considered poor.

To take into account two factors which affect living costs, Statistics Canada varies its low income cut-offs according to the size of the family unit and of the place of residence. There are seven categories of family size ranging from a single person to seven or more persons. Communities are divided into five groups according to population: metropolitan areas with half a million or more people (Vancouver, Edmonton, Calgary, Winnipeg, Toronto and Montreal), large cities (100,000 to 499,999), medium-sized cities (30,000 to 99,999), smaller centers (non-metropolitan cities of 15,000 to 30,000 and urban areas under 15,000) and rural areas (farm and non-farm). The result is a set of 35 poverty lines as shown in Table 1.

TABLE 1

STATISTICS CANADA LOW-INCOME LINES -
ESTIMATES FOR 1981

Family Size	Population of Area of Residence				Rural
	500,000 and over	100,000 - 499,999	30,000 - 99,999	Less than 30,000	
1	\$ 6,521	\$ 6,104	\$ 5,928	\$ 5,452	\$ 4,739
2	9,451	8,850	8,595	7,904	6,877
3	12,050	11,295	10,963	10,089	8,773
4	14,344	13,431	13,037	11,996	10,429
5	16,034	15,010	14,576	13,413	11,663
6	17,602	16,480	16,001	14,722	12,799
7 or more	19,300	18,066	17,544	16,138	14,034

Statistics Canada's low income cut-offs are updated each year according to changes in the cost of living as measured by the Consumer Price Index. The figures in Table 1 were calculated by the National Council of Welfare on the basis of a projected inflation rate of 12% for 1981.

Canadian Council on Social Development

Whereas the Statistics Canada approach defines family units as poor if they spend a large proportion of their income on essentials, the Canadian Council on Social Development's poverty lines are based on a measure of income inequality. Families and individuals are considered poor if they live on less than half of average income.

The CCSD poverty lines are calculated in a simple manner that takes into account family size. The poverty line for a family of four is set at one-half of average family income. The poverty lines for households of different sizes are established by applying a weighting system in which a family unit of one person gets three points; a family of two, five points; a family of three, six points; a family of four, seven points; a family of five, eight points; and each larger size family an additional point. Unlike Statistics Canada's low income cut-offs, the CCSD poverty lines are not adjusted according to size of place of residence.

Table 2 presents the estimated CCSD poverty lines for 1981. These were calculated by the National Council of Welfare on the basis of a projected average family income of \$29,000 in 1981.

TABLE 2

COMPARISON OF STATISTICS CANADA, CCSD AND
SENATE COMMITTEE POVERTY LINES, 1981 ESTIMATES

Family Size	Statistics Canada		CCSD	Senate Committee
	range	mid-range		
1	\$ 4,739- 6,521	\$ 5,928	\$ 6,214	\$ 6,960
2	6,877- 9,451	8,595	10,357	11,600
3	8,773-12,059	11,295	12,429	13,920
4	10,429-14,344	13,037	14,500	16,240
5	11,663-16,034	14,576	16,571	18,560
6	12,799-17,602	16,001	18,643	20,880
7 or more	14,034-19,300	17,544	20,714	23,200

Senate Committee on Poverty

A third set of poverty lines can be established using a method devised ten years ago by the Special Senate Committee on Poverty. This approach blends elements from both the Statistics Canada and CCSD poverty lines.

Like Statistics Canada's low income cut-offs, the Senate Committee poverty lines are based on a measure of expenditure rather than (as in the CCSD approach) simply on income. However the Senate Committee wanted to ensure that its poverty lines reflect an "adequate" rather than subsistence level of income, so it used National Health and Welfare monthly budget standards and other expenditure data to arrive at what it considered an acceptable income floor for basic necessities that was higher than that used by Statistics Canada. The poverty line was calculated in such a way that the income floor represented 70% of the poverty line. Though Statistics Canada and the Senate Committee each define as low-income those families which spend most of their income on food, clothing and shelter, the Senate Committee's method produces more generous poverty lines.

The Senate Committee poverty lines are adjusted for family size according to the same formula as the CCSD poverty lines (three points for a family of one, five for a family of two, and so on) but do not vary by community size. The Senate Committee poverty lines are updated each year by means of a rather complex technique that measures changes in average living standards (based on after-tax personal income).

Table 2 presents the National Council of Welfare's estimates of the Senate Committee poverty lines for 1981. Because it is difficult to project the different components of the updating formula, we have adopted the CCSD's simpler technique of setting the Senate Committee poverty lines at 56% of average family income. (Senate Committee poverty lines usually work out to around 56% of average family income).

Comparing the Poverty Lines

Table 2 also presents the Statistics Canada low income cut-offs to allow a comparison of the three sets of poverty lines. Since the Statistics Canada poverty lines vary according to community as well as family size, we show both the range of poverty lines (from the lowest for rural areas to the highest for metropolitan centers) and, to permit direct comparison with the CCSD and Senate Committee poverty lines, the mid-range Statistics Canada poverty lines (for communities with a population of 30,000 to 99,999).

The CCSD and Senate Committee poverty lines exceed the Statistics Canada lines with the one exception of the low income cut-off for single persons living in the largest cities, which is slightly higher than the comparable CCSD figure though still below the Senate Committee line. The Senate Committee poverty lines are the most generous of the three sets.

la formule de mise à jour, nous avons adopté la technique plus simple du C.C.D.S. qui consiste à fixer les seuils de pauvreté du Comité du Sénat à 56% du revenu familial moyen (les seuils de pauvreté du Comité du Sénat s'établissent habituellement à environ 56% du revenu familial moyen).

Comparaison des seuils de pauvreté

Le Tableau 2 présente aussi les seuils de faible revenu de Statistique Canada, afin de permettre une comparaison des trois séries de seuils de pauvreté. Etant donné que les seuils de pauvreté de Statistique Canada varient selon la grandeur de l'agglomération aussi bien que selon la taille de la famille, nous présentons la gamme de seuils de pauvreté (du plus faible dans le cas des régions rurales au plus élevé dans le cas des régions métropolitaines), de même que les seuils de pauvreté de Statistique Canada qui se trouvent à mi-chemin (pour les collectivités comptant de 30 000 à 99 999 habitants) afin de permettre une comparaison directe avec les seuils de pauvreté du C.C.D.S. et du Comité du Sénat.

Les seuils de pauvreté du C.C.D.S. et du Comité du Sénat sont supérieurs à ceux de Statistique Canada partout sauf dans un cas: le seuil de faible revenu des personnes seules habitant dans les plus grandes villes est légèrement supérieur au seuil comparable du C.C.D.S., mais il demeure inférieur au seuil de pauvreté du Comité du Sénat. Les seuils de pauvreté du Comité du Sénat sont, parmi les trois séries, les plus généreux.

TABLEAU 2

COMPARAISON DES SEUILS DE PAUVRETÉ DE STATISTIQUE CANADA,
 DU CONSEIL CANADIEN DE DÉVELOPPEMENT SOCIAL ET DU COMITÉ DU SÉNAT -
 SEUILS ESTIMATIFS POUR 1981

Taille de la famille	Statistique Canada		C.C.D.S.	Comité du Sénat
	gamme des seuils de pauvreté	seuils de pauvreté à mi-chemin		
1	\$ 4 739 - 6 521	\$ 5 928	\$ 6 214	\$ 6 960
2	6 877 - 9 451	8 595	10 357	11 600
3	8 773 - 12 059	11 295	12 429	13 920
4	10 429 - 14 344	13 037	14 500	16 240
5	11 663 - 16 034	14 576	16 571	18 560
6	12 799 - 17 602	16 001	18 643	20 880
7 et plus	14 034 - 19 300	17 544	20 714	23 200

À l'instar des seuils de faible revenu de

Statistique Canada, les seuils de pauvreté du Comité du Sénat sont fondés sur une mesure des dépenses plutôt que seulement (comme c'est le cas de la méthode du C.C.D.S.) des revenus. Mais le Comité du Sénat, cherchant à garantir que ses seuils de pauvreté reflètent un niveau de revenu "adéquat" plutôt que minimal, s'est servi de modèles budgétaires mensuels du ministère de la Santé nationale et du Bien-être social et d'autres données relatives aux dépenses pour fixer un revenu minimum acceptable plus élevé que celui qu'utilisait Statistique Canada relativement aux articles de base. Le seuil de pauvreté a été calculé de manière que le revenu minimum représente 70% du seuil de pauvreté. Bien que Statistique Canada et le Comité du Sénat désignent tous les deux comme familles à faible revenu les familles qui consacrent le plus gros de leurs revenus au logement, à la nourriture et aux vêtements, la méthode utilisée par le Comité du Sénat présente des seuils de pauvreté plus généreux.

Les seuils de pauvreté du Comité du

Sénat varient selon la taille de la famille de la même façon que ceux du C.C.D.S. (trois points pour l'unité familiale constituée d'une personne, cinq pour la famille de deux, etc.) mais ne varient pas selon la grandeur de l'agglomération. Les seuils de pauvreté du Comité du Sénat sont mis à jour chaque année au moyen d'une technique compliquée qui mesure les changements des niveaux de vie moyens (fondés sur le revenu des particuliers après l'impôt).

Le Tableau 2 présente les seuils de

pauvreté estimatifs du Comité du Sénat pour l'année 1981 préparés par le Conseil national du bien-être social. Compte tenu de la difficulté inhérente à l'estimation des divers éléments de

Statistique Canada définit les unités familiales pauvres comme celles qui consacrent une grande partie de leurs revenus aux articles essentiels; le Conseil canadien de développement social, lui, a établi des seuils de pauvreté fondés sur une mesure de l'insuffisance du revenu. Les familles et les particuliers qui disposent de moins de la moitié du revenu moyen sont considérées des personnes pauvres.

Les seuils de pauvreté du C.C.D.S. font appel à un calcul simple et tiennent compte de la taille de la famille. Pour une famille de quatre, le seuil de pauvreté est égal à la moitié du revenu familial moyen. Les seuils de pauvreté des familles de différentes tailles sont établis au moyen d'un système de pointage en vertu duquel l'unité familiale constituée d'une personne reçoit trois points, la famille de deux, cinq points, la famille de trois, six points, la famille de quatre, sept points, la famille de cinq, huit points, et les familles plus grosses reçoivent un point de plus pour chaque membre supplémentaire. Contrairement aux seuils de faible revenu de Statistique Canada, les seuils de pauvreté du C.C.D.S. ne varient pas selon la grandeur de l'agglomération.

Comité du Sénat sur la pauvreté

On peut établir une troisième série de seuils de pauvreté en ayant recours à une méthode mise au point par le Comité spécial du Sénat sur la pauvreté il y a dix ans. Cette approche combine des éléments des seuils de pauvreté de Statistique Canada et du C.C.D.S.

TABEAU 1

SEUILS DES FAIBLES REVENUS DE STATISTIQUE CANADA -
MONTANTS ESTIMATIFS POUR 1981

Population du secteur de résidence

500 000 et plus	100 000 - 499 999	30 000 - 99 999	Moins de 30 000	Rural
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Taille de
la famille

1	\$ 6 521	\$ 6 104	\$ 5 928	\$ 5 452	\$ 4 739	1
2	9 451	8 850	8 595	7 904	6 877	3
3	12 059	11 295	10 963	10 089	8 773	1
4	14 344	13 431	13 037	11 996	10 429	
5	16 034	15 010	14 576	13 413	11 663	
6	17 602	16 480	16 001	14 722	12 799	
7 et plus	19 300	18 066	17 544	16 138	14 034	

selon la taille de l'unité familiale et la

grandeur de l'agglomération. Les unités fami-

liales se classent selon la taille de la famille

dans l'une de sept catégories, la première ne

comportant qu'une seule personne et la dernière

regroupant sept personnes ou plus. Les

collectivités sont réparties en cinq groupes

selon le nombre de résidents: les régions

métropolitaines comptant un demi million de

personnes ou plus (Vancouver, Edmonton, Calgary,

Winnipeg, Toronto et Montréal), les grandes

villes (100 000 à 499 999 habitants), les villes

de dimensions moyennes (30 000 à 99 999 habitants),

les centres plus petits (villes non métropolitaines

de 15 000 à 30 000 personnes et régions urbaines

de moins de 15 000 habitants) et les régions

rurales (agricoles et non agricoles). Il en

résulte, comme on peut le voir dans le

Tableau 1, une série de 35 seuils de pauvreté.

Les seuils de faible revenu de

Statistique Canada sont mis à jour chaque

année pour refléter les changements dans le

coût de la vie que mesure l'Indice des prix

à la consommation. Les données qui apparaissent

dans le Tableau 1 ont été préparées par le

Conseil national du bien-être social, d'après

un taux d'inflation estimatif de 12% pour 1981.

Statistique Canada

Il n'existe pas de seuil de la pauvreté applicable à l'échelle du pays. Trois définitions différentes de la pauvreté présentent trois façons d'établir des seuils de la pauvreté. Les seuils variant de plus en fonction de la taille de la famille aux termes de chacune des approches, on peut donc choisir parmi trois séries de seuils de la pauvreté.

Les seuils de la pauvreté dont l'usage est le plus répandu sont les "seuils de faible revenu" qu'utilise Statistique Canada pour établir des données statistiques sur la population à faible revenu. Bien que Statistique Canada ne considère pas ses seuils de faible revenu comme des seuils de pauvreté officiels, le Conseil national du bien-être social ne fait que respecter une coutume établie en les utilisant comme seuils de la pauvreté.

Les seuils de faible revenu font appel

à une notion de la pauvreté fondée sur un niveau minimal de subsistance. Lors de la dernière révision des seuils de faible revenu, les ménages canadiens consacraient en moyenne 42% de leurs revenus au logement, à la nourriture et aux vêtements. Les familles pauvres devant consacrer aux articles de base une proportion de leurs revenus restreints supérieure à la moyenne, les seuils ont été choisis comme niveaux pour les familles qui dépensaient 62% de leurs revenus (20 pour cent de plus que la moyenne) pour se procurer les articles de base. Toute personne ou famille dont le revenu est égal ou inférieur au seuil de faible revenu peut être considérée comme une personne ou une famille pauvre.

Tenant compte des deux facteurs qui influent sur le coût de la vie, Statistique Canada modifie ses seuils de faible revenu

mesures de la pauvreté: les seuils de la pauvreté de 1981

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STATISTICS CANADA LOW-INCOME LINES -
ESTIMATES FOR 1982

Population of Area of Residence

Family Size	500,000 and over	Population of Area of Residence		Less than 30,000	Rural
		100,000 - 499,999	30,000 - 99,999		
1	\$ 7,303	\$ 6,836	\$ 6,640	\$ 6,107	\$ 5,307
2	10,585	9,912	9,626	8,852	7,702
3	13,506	12,651	12,278	11,299	9,825
4	16,065	15,042	14,601	13,436	11,681
5	17,958	16,811	16,325	15,022	13,062
6	19,714	18,457	17,921	16,489	14,336
7 or more	21,615	20,233	19,649	18,074	15,717

Statistics Canada's low income cut-offs are updated each year according to changes in the cost of living as measured by the Consumer Price Index. The figures in Table 1 were calculated by the National Council of Welfare on the basis of a projected inflation rate of 11.5% for 1982.

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Whereas the Statistics Canada approach defines family units as poor if they spend a large proportion of their income on essentials, the Canadian Council on Social Development's poverty lines are based on a measure of income inequality. Families and individuals are considered poor if they live on less than half of average income.

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Table 2 presents the estimated CCSD poverty lines for 1982. These were calculated by the National Council of Welfare on the basis of a projected average family income of \$32,000 in 1982.

COMPARISON OF STATISTICS CANADA, CCSD AND
SENATE COMMITTEE POVERTY LINES, 1982 ESTIMATES

Family Size	Statistics Canada		CCSD	Senate Committee
	range	mid-range		
1	\$ 5,307 - 7,303	\$ 6,640	\$ 6,857	\$ 7,680
2	7,702 - 10,585	9,626	11,429	12,800
3	9,825 - 13,506	12,278	13,714	15,360
4	11,681 - 16,065	14,601	16,000	17,920
5	13,062 - 17,958	16,325	18,286	20,480
6	14,336 - 19,714	17,921	20,571	23,040
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A third set of poverty lines can be established using a method devised ten years ago by the Special Senate Committee on Poverty. This approach blends elements from both the Statistics Canada and CCSD poverty lines.

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Table 2 presents the National Council of Welfare's estimates of the Senate Committee poverty lines for 1982. Because it is difficult to project the different components of the updating formula, we have adopted the CCSD's simpler technique of setting the Senate Committee poverty lines at 56% of average family income. (Senate Committee poverty lines usually work out to around 6% of average family income).

Comparing the Poverty Lines

Table 2 also presents the Statistics Canada low income cut-offs to allow a comparison of the three sets of poverty lines. Since the Statistics Canada poverty lines vary according to community as well as family size, we show both the range of poverty lines (from the lowest for rural areas to the highest for metropolitan centers) and, to permit direct comparison with the CCSD and Senate Committee poverty lines, the mid-range Statistics Canada poverty lines (for communities with a population of 30,000 to 99,999).

The CCSD and Senate Committee poverty lines exceed the Statistics Canada lines with the exception of the low income cut-offs for single persons and families of four living in the largest cities, which are slightly higher than the comparable CCSD figures though still below the Senate Committee lines. The Senate Committee poverty lines are the most generous of the three sets.

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Comparaison des seuils de pauvreté

Le Tableau 2 présente aussi les seuils de faible revenu de Statistique Canada, afin de permettre une comparaison des trois séries de seuils de pauvreté. Etant donné que les seuils de pauvreté de Statistique Canada varient selon la grandeur de l'agglomération aussi bien que selon la taille de la famille, nous présentons la gamme de seuils de pauvreté (du plus faible dans le cas des régions rurales au plus élevé dans le cas des régions métropolitaines), de même que les seuils de pauvreté de Statistique Canada qui se trouvent à mi-chemin (pour les collectivités comptant de 30 000 à 99 999 habitants) afin de permettre une comparaison directe avec les seuils de pauvreté du C.C.D.S. et du Comité du Sénat.

Les seuils de pauvreté du C.C.D.S. et du Comité du Sénat sont partout supérieurs à ceux de Statistique Canada sauf dans le cas des seuils de faible revenu des personnes seules et des familles de quatre habitant les plus grandes villes, qui sont légèrement supérieurs aux seuils comparables du C.C.D.S., mais inférieurs aux seuils de pauvreté du Comité du Sénat. Les seuils de pauvreté du Comité du Sénat sont, parmi les trois séries, les plus généreux.

TABLEAU 2

COMPARAISON DES SEUILS DE PAUVRETÉ DE STATISTIQUE CANADA,
DU CONSEIL CANADIEN DE DÉVELOPPEMENT SOCIAL ET DU COMITÉ DU SÉNAT -
SEUILS ESTIMATIFS POUR 1982

Taille de la famille	Statistique Canada		C.C.D.S.	Comité du Sénat
	gamme des seuils de pauvreté	seuils de pauvreté à mi-chemin		
1	\$ 5 307 - 7 303	\$ 6 640	\$ 6 857	\$ 7 680
2	7 702 - 10 585	9 626	11 429	12 800
3	9 825 - 13 506	12 278	13 714	15 360
4	11 681 - 16 065	14 601	16 000	17 920
5	13 062 - 17 958	16 325	18 286	20 480
6	14 336 - 19 714	17 921	20 571	23 040
7 et plus	15 717 - 21 615	19 649	22 857	25 600

À l'instar des seuils de faible revenu de

Statistique Canada, les seuils de pauvreté du Comité du Sénat sont fondés sur une mesure des dépenses plutôt que seulement (comme c'est le cas de la méthode du C.C.D.S.) des revenus. Mais le comité du Sénat, cherchant à garantir que ses seuils de pauvreté reflètent un niveau de revenu "adéquat" plutôt que minimal, s'est servi de articles de base. Le seuil de pauvreté a été calculé de manière que le revenu minimum représente 70% du seuil de pauvreté. Bien que Statistique Canada et le Comité du Sénat désignent tous les deux comme familles à faible revenu les familles qui consacrent le plus gros de leurs revenus au logement, à la nourriture et aux vêtements, la méthode utilisée par le Comité du Sénat présente des seuils de pauvreté plus généreux.

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Sénat varient selon la taille de la famille de la même façon que ceux du C.C.D.S. (trois points pour l'unité familiale constituée d'une personne, cinq pour la famille de deux, etc.) mais ne varient pas selon la grandeur de l'agglomération. Les seuils de pauvreté du Comité du Sénat sont mis à jour chaque année au moyen d'une technique compliquée qui mesure les changements des niveaux de vie moyens (fondés sur le revenu des particuliers après l'impôt).

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pauvreté estimatifs du Comité du Sénat pour l'année 1982 préparés par le Conseil national du bien-être social. Compte tenu de la difficulté inhérente à l'estimation des divers éléments de

Statistique Canada définit les unités familiales pauvres comme celles qui consacrent une grande partie de leurs revenus aux articles essentiels; le Conseil canadien de développement social, lui, a établi des seuils de pauvreté fondés sur une mesure de l'insuffisance du revenu. Les familles et les particuliers qui disposent de moins de la moitié du revenu moyen sont considérées des personnes pauvres.

Les seuils de pauvreté du C.C.D.S. font appel à un calcul simple et tiennent compte de la taille de la famille. Pour une famille de quatre, le seuil de pauvreté est égal à la moitié du revenu familial moyen. Les seuils de pauvreté des familles de différentes tailles sont établis au moyen d'un système de pointage en vertu duquel l'unité familiale constituée d'une personne reçoit trois points, la famille de deux, cinq points, la famille de trois, six points, la famille de quatre, sept points, la famille de cinq, huit points, et les familles plus grosses reçoivent un point de plus pour chaque membre supplémentaire. Contrairement aux seuils de faible revenu de Statistique Canada, les seuils de pauvreté du C.C.D.S. ne varient pas selon la grandeur de l'agglomération.

Le Tableau 2 présente les seuils de pauvreté estimatifs du C.C.D.S. pour l'année 1982. Ces seuils ont été préparés par le Conseil national du bien-être social en se fondant sur un revenu familial moyen projeté de \$32 000 pour 1982.

Comité du Sénat sur la pauvreté

On peut établir une troisième série de seuils de pauvreté en ayant recours à une méthode mise au point par le Comité spécial du Sénat sur la pauvreté il y a dix ans. Cette approche combine des éléments des seuils de pauvreté de Statistique Canada et du C.C.D.S.

TABLEAU 1

SEUILS DES FAIBLES REVENUS DE STATISTIQUE CANADA -
MONTANTS ESTIMATIFS POUR 1982

Taille de la famille	Population du secteur de résidence				Rural
	500 000 et plus	100 000 - 499 999	30 000 - 99 999	Moins de 30 000	
1	\$ 7 303	\$ 6 836	\$ 6 640	\$ 6 107	\$ 5 307
2	10 585	9 912	9 626	8 852	7 702
3	13 506	12 651	12 278	11 299	9 825
4	16 065	15 042	14 601	13 436	11 681
5	17 958	16 811	16 325	15 022	13 062
6	19 714	18 457	17 921	16 489	14 336
7 et plus	21 615	20 233	19 649	18 074	15 717

selon la taille de l'unité familiale et la

grandeur de l'agglomération. Les unités fami-

liales se classent selon la taille de la famille

dans l'une de sept catégories, la première ne

comportant qu'une seule personne et la dernière

regroupant sept personnes ou plus. Les

collectivités sont réparties en cinq groupes

selon le nombre de résidents: les régions

métropolitaines comptant un demi million de

personnes ou plus (Vancouver, Edmonton, Calgary,

Winnipeg, Toronto et Montréal), les grandes

villes (100 000 à 499 999 habitants), les villes

de dimensions moyennes (30 000 à 99 999 habitants),

les centres plus petits (villes non métropolitaines

de 15 000 à 30 000 personnes et régions urbaines

de moins de 15 000 habitants) et les régions

rurales (agricoles et non agricoles). Il en

résulte, comme on peut le voir dans le

Tableau 1, une série de 35 seuils de pauvreté.

Les seuils de faible revenu de

Statistique Canada sont mis à jour chaque

année pour refléter les changements dans le

coût de la vie que mesure l'Indice des prix

à la consommation. Les données qui apparaissent

dans le Tableau 1 ont été préparées par le

Conseil national du bien-être social, d'après

un taux d'inflation estimatif de 11,5% pour 1982.

Il n'existe pas de seuil de la pauvreté applicable à l'échelle du pays. Trois définitions différentes de la pauvreté présentent trois façons d'établir des seuils de la pauvreté. Les seuils variant de plus en fonction de la taille de la famille aux termes de chacune des approches, on peut donc choisir parmi trois séries de seuils de la pauvreté.

Statistique Canada

Les seuils de la pauvreté dont l'usage est le plus répandu sont les "seuils de faible revenu" qu'utilise Statistique Canada pour établir des données statistiques sur la population à faible revenu. Bien que Statistique Canada ne considère pas ses seuils de faible revenu comme des seuils de pauvreté officiels, le Conseil national du bien-être social ne fait que respecter une coutume établie en les utilisant comme seuils de la pauvreté.

Les seuils de faible revenu font appel

à une notion de la pauvreté fondée sur un niveau minimal de subsistance. Lors de la dernière révision des seuils de faible revenu, les ménages canadiens consacraient en

moenne 42% de leurs revenus au logement, à la nourriture et aux vêtements. Les familles

pauvres devant consacrer aux articles de

base une proportion de leurs revenus restreints supérieure à la moyenne, les seuils ont été

choisis comme niveaux pour les familles qui

dépensaient 62% de leurs revenus (20 pour cent de plus que la moyenne) pour se procurer les

articles de base. Toute personne ou famille dont le revenu est égal ou inférieur au seuil de faible revenu pertinent peut être considérée

comme une personne ou une famille pauvre.

Tenant compte des deux facteurs qui influent sur le coût de la vie, Statistique

Canada modifie ses seuils de faible revenu

mesures de la pauvreté: **les seuils de la pauvreté de 1982**

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REVISED 1982 POVERTY LINES



August, 1982

Introduction

Last January the National Council of Welfare published Measuring Poverty: 1982 poverty lines. This pamphlet defined and estimated three sets of poverty lines - Statistics Canada's low income cut-offs, the Canadian Council on Social Development's poverty lines, and those from the Senate Committee on Poverty.

In June of 1982, Statistics Canada announced a revision of its low income lines. In addition, the Canadian Council on Social Development recently launched a review of its poverty lines.

To take these developments into account, this paper presents the National Council of Welfare's estimates of the revised Statistics Canada low income cut-offs for 1982. We do not provide estimates of the Canadian Council on Social Development's poverty lines since they are under review; future issues of Measuring Poverty will include them once they become available. We have dropped the Senate Committee's poverty lines because they are difficult to estimate and are rarely used.

Defining Poverty

The most widely used Canadian poverty lines are the low income cut-offs which Statistics Canada employs to produce data on the low-income population. Though Statistics Canada does not regard its low income cut-offs as poverty lines, the National Council of Welfare follows common practice in using them as poverty lines.

The low income cut-offs are based on a subsistence conception of poverty. The most recent survey of family expenditure (for 1978) found that Canadian families spend on average 38.5 percent of their income on food, clothing and shelter. Since low-income families must devote an above-average proportion of their limited income to basic necessities, the cut-offs shown in Table 1 were set at levels where, on average, 58.5 percent of income (20 percentage points above the average) go to the essentials of life. Any family or single person with an income at or below the relevant poverty line is defined as low-income.

A Set of Poverty Lines

There is no single poverty line for all of Canada. To take into account two factors which affect living costs, Statistics Canada varies its low income cut-offs according to the size of the household and of the place of residence.

There are seven categories of family size ranging from a single person to seven or more persons. Communities are divided into five groups according to population: metropolitan areas with half a million or more people (Vancouver, Edmonton, Calgary, Winnipeg, Hamilton, Toronto, Ottawa-Hull, Montreal, and Quebec), large cities (100,000 to 499,999), medium-sized cities (30,000 to 99,999), smaller centers (cities of 15,000 to 30,000 and small urban areas under 15,000) and rural areas (both farm and non-farm). The result is a set of 35 poverty lines as shown in Table 1.

The higher poverty lines shown in the two left-hand columns in Table 1 apply to most Canadians. Well over half of families live in urban centers with 100,000 or more residents

(40 percent in metropolitan areas of more than 500,000, another 16 percent in large cities of 100,000 - 500,000). More than 64 percent of single persons live in large urban centers (47 percent in metropolitan areas, 17 percent in large cities of 100,000 - 500,000).

The Poverty Lines in Context

The poverty lines establish the upper limit of the low-income population. Most poor Canadians - all welfare recipients, almost all minimum wage workers, and the majority of single elderly persons - live on incomes that are hundreds and more often thousands of dollars under the poverty line. Eighty percent of low-income families are 10 to 20 percent below the poverty line. Three-quarters of low-income single persons have incomes that are more than 20 percent under the poverty line.

Poor Canadians have incomes substantially below average. The poverty line for a family of four is about half of the average income for a family of four. The low-income line for a single person living in a metropolitan area is approximately 45 percent of the 1982 average industrial wage. Keep in mind that most poor people have incomes that are significantly less than the poverty line, so that the income gap between them and the average Canadian is even wider.

Updating the Poverty Lines

Statistics Canada's low income cut-offs are updated each year according to changes in the cost of living as measured by the Consumer Price Index. The figures in Table 1 were calculated by the National Council of Welfare on the basis of a projected inflation rate of 11.5 percent for 1982.

S T A T I S T I C S C A N A D A L O W - I N C O M E L I N E S -
E S T I M A T E S F O R 1 9 8 2

Population of Area of Residence

	500,000 and over	100,000- 499,999	30,000- 99,999	Less than 30,000	Rural
--	---------------------	---------------------	-------------------	---------------------	-------

No. in
Family

1	\$ 8,970	\$ 8,519	\$ 7,991	\$ 7,388	\$ 6,633
2	11,835	11,231	10,479	9,724	8,669
3	15,831	15,002	14,021	13,042	11,609
4	18,243	17,337	16,208	15,076	13,419
5	21,259	20,127	18,771	17,488	15,604
6	23,218	21,937	20,505	19,072	17,036
7 or more	25,555	24,198	22,616	21,032	18,771

1983 *poverty lines*

estimates by the
national council of welfare

april 1983



1 9 8 3 P O V E R T Y L I N E S

Estimates by the
National Council of Welfare

April 1983



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The most recent survey of family expenditure (for 1978) found that Canadian families spend on average 38.5 percent of their income on food, clothing and shelter. Since poor families devote an above-average proportion of their limited income to basic necessities,¹ the low income cut-offs are set at levels where, on average, 58.5 percent of income (20 percentage points above the average) go to the essentials of life.² Any family or single person with an income at or below the relevant poverty line is defined as low-income.

Income is defined as money income received by all family members 15 years and older from the following sources: wages and salaries (before deductions for taxes, pensions, etc.), net income from self-employment, investment income (interest, dividends, rental income, etc.), government transfer payments (e.g., Family Allowances, the Child Tax Credit, Old Age Security, provincial tax credits), pensions (e.g., retirement pensions, annuities and superannuation) and miscellaneous income (e.g., scholarships, alimony).³

A Set of Poverty Lines

There is no single poverty line for all of Canada. To take into account two factors which affect living costs, Statistics Canada varies its low income cut-offs according to the size of the household and of the place of residence.

There are seven categories of family size ranging from a single person to seven or more persons. Communities are divided into five groups according to population: metropolitan areas with half a million or more people (Vancouver, Edmonton, Calgary, Winnipeg, Hamilton, Toronto, Ottawa-Hull, Montreal, and Quebec), large cities (100,000 to 499,999), medium-sized cities (30,000 to 99,999), smaller centers (cities of 15,000 to 30,000 and small urban areas under 15,000) and rural areas (both farm and non-farm).⁴ The result is a set of 35 poverty lines as shown in Table 1.

The higher poverty lines shown in the two left-hand columns of Table 1 apply to most Canadians. Well over half of families live in urban centers with 100,000 or more residents (40 percent in metropolitan areas of more than 500,000, another 16 percent in large cities of 100,000 to 500,000). Sixty-four percent of single persons live in large urban centers (47 percent in metropolitan areas, 17 percent in large cities of 100,000 to 500,000).⁵

Estimating the Poverty Lines

Statistics Canada's low income cut-offs are updated each year according to the change in the cost of living as measured by the Consumer Price Index. The figures in Table 1 were

calculated by the National Council of Welfare on the basis of a projected inflation rate of 7 percent for 1983.

If the average Consumer Price Index for 1983 turns out to be more than 7 percent higher than 1982, then the actual poverty lines will be higher than our estimates. Conversely, a 1983 inflation rate below 7 percent will produce actual poverty lines that are lower than those shown in Table 1. Previous National Council of Welfare estimates have proved very close to the actual poverty lines.

Table 2 gives the actual low income cut-offs for 1980, 1981 and 1982.

The Poverty Lines in Context

In response to those who believe Statistics Canada's low-income lines are too high, it is worth pointing out that alternative measures produce higher poverty lines. The Canadian Council on Social Development, which sets its poverty line at one-half of average family income, recently published a set of poverty line estimates for 1982 that for the most part exceeded Statistics Canada's low income cut-offs (the latter were higher only for single persons living in cities with 100,000 or more residents). The Special Senate Committee on Poverty's low-income lines are substantially above those of Statistics Canada; the Senate Committee lines for families of two or more range from 13 to 27 percent higher than Statistics Canada's low income cut-offs for metropolitan areas.⁶

A recent national survey by Health and Welfare Canada found that single elderly persons reported an average after-tax

income of \$8,722 as necessary "to cover essential needs" in 1981 - higher than the Statistics Canada low-income lines for one person, which in 1981 ranged from \$5,949 for rural areas to \$8,045 for the largest cities.⁷ This finding is significant in two ways. First, it shows what a sizeable segment of the population itself regards as a minimally adequate income, as opposed to a poverty line determined externally according to a formula. Moreover the survey indicates that, at least in the eyes of elderly Canadians, the Statistics Canada low-income lines are anything but generous.

In any event, the debate over what is the 'right' poverty line and the 'real' number of poor people contributes little if anything to an understanding of the economic situation of low-income Canadians. Poverty lines only establish the upper limit of the low-income population. Most poor Canadians - all welfare recipients, almost all minimum wage workers, and the majority of single elderly persons - live on incomes that are hundreds and more often thousands of dollars under the poverty line. Few people would regard these incomes as adequate by any standard.

Take, as an illustration, a single mother on welfare who supports two children and lives in the largest city in her province. Her family's total income from provincial social assistance and federal family allowances and child tax credits ranges from one-half to two-thirds of the poverty line, depending on her province of residence. If she lives in Toronto, her income in 1982 was about \$9,230, which represents just 64 percent of the amount the Social Planning Council of Metropolitan Toronto considers necessary for her family to maintain "an adequate but modest" standard of living.⁸ The average family income for 1982 was approximately \$32,000 -

three and a half times the single mothers's income from welfare and federal child benefits.

The provincial minimum wage ranges from \$3.50 an hour in Ontario to \$4.25 an hour in Saskatchewan. A worker in New Brunswick paid the minimum wage (\$3.80 an hour) will net \$7,106 in 1983 if he or she has a full-time, year-round job.⁹ This income is below the poverty line for one person everywhere except for rural areas of the province, where net minimum wage earnings are just \$54 above the poverty line. If the minimum wage worker supports a spouse, the family will fall \$1,606 to \$4,330 short of the poverty line depending on the size of its community.

Single elderly Canadians run a very high risk of poverty. An estimated 61.2 percent were poor at last count.¹⁰ Seventy percent of poor aged single persons have incomes 20 percent or more below the poverty line.

Poor Canadians have incomes substantially below average. The poverty line for a family of four is less than half of the average income for a family of four.¹¹ The low-income line for a single person living in a metropolitan area is 44 percent of the average industrial wage.¹² Keep in mind that most poor people have incomes that are significantly less than the poverty line, so that the income gap between them and the average Canadian is even wider.

Poverty Statistics

Statistics Canada's low-income lines are used to produce annual data on the size and characteristics of

Canada's low-income population. The most recent available statistics, for 1981, are presented in the National Council of Welfare's report Poverty in Canada.

TABLE 1.

S T A T I S T I C S C A N A D A L O W - I N C O M E L I N E S -
E S T I M A T E S F O R 1 9 8 3

	<u>Population of Area of Residence</u>			
	500,000 and over	100,000 - 499,999	30,000 - 99,000	Less than 30,000 Rural
No. in Family				
1	\$ 9,538	\$ 9,058	\$ 8,497	\$ 7,856 \$ 7,052
2	12,583	11,942	11,142	10,339 9,218
3	16,832	15,952	14,908	13,867 12,344
4	19,397	18,434	17,233	16,030 14,268
5	22,604	21,401	19,959	18,594 16,591
6	24,687	23,325	21,802	20,279 18,114
7 or more	27,172	25,729	24,047	22,363 19,959

TABLE 2

STATISTICS CANADA REVISED (1978)
LOW INCOME CUT-OFFS, 1980 TO 1982

	<u>500,000 and over</u>	<u>100,000 - 499,999</u>	<u>30,000 - 99,999</u>	<u>Less than 30,000</u>	<u>Rural</u>
<u>Family Size</u>			<u>1980</u>		
1	\$ 7,152	\$ 6,792	\$ 6,371	\$ 5,890	\$ 5,289
2	9,436	8,955	8,355	7,753	6,912
3	12,622	11,961	11,179	10,398	9,256
4	14,545	13,823	12,922	12,020	10,699
5	16,949	16,047	14,966	13,943	12,441
6	18,511	17,490	16,348	15,206	13,583
7 or more	20,375	19,293	18,031	16,769	14,966
			<u>1981</u>		
1	\$ 8,045	\$ 7,640	\$ 7,167	\$ 6,626	\$ 5,949
2	10,614	10,073	9,398	8,721	7,775
3	14,198	13,455	12,575	11,697	10,412
4	16,361	15,549	14,536	13,521	12,035
5	19,066	18,051	16,835	15,684	13,995
6	20,823	19,674	18,390	17,105	15,279
7 or more	22,919	21,702	20,283	18,863	16,835
			<u>1982</u>		
1	\$ 8,914	\$ 8,465	\$ 7,941	\$ 7,342	\$ 6,591
2	11,760	11,161	10,413	9,663	8,615
3	15,731	14,908	13,933	12,960	11,536
4	18,128	17,228	16,106	14,981	13,335
5	21,125	20,001	18,653	17,378	15,506
6	23,072	21,799	20,376	18,952	16,929
7 or more	25,394	24,046	22,474	20,900	18,653

FOOTNOTES

1. Families and unattached individuals (i.e. persons living alone or in a household where they are not related to the other members) in the lowest income decile (i.e. the bottom 10 percent of the income ladder) devoted 60 percent of their income to food, clothing and shelter in 1978, the most recent year for which data is available. Those in the next-to-the-lowest decile spent on average 53.7 percent of their income on food, clothing and shelter. For each higher decile, the proportion of income spent on necessities was lower; family units in the highest 10 percent devoted 32.7 percent of their income to food, clothing and shelter, or just over half of what the poorest families and unattached individuals spent. Our calculations are based on expenditure data presented in Statistics Canada, Family Expenditure in Canada, Volume 3, All Canada: Urban and Rural 1978 (Ottawa: Minister of Supply and Services Canada, 1982), Table 2.
2. See Statistics Canada, "Revision of Low Income Cut-offs", Income Distributions by Size in Canada, 1980 (Ottawa: Minister of Supply and Services Canada, 1982), pp. 120-128.
3. Statistics Canada. Income Distributions by Size in Canada: Preliminary Estimates, 1981 (Ottawa: Minister of Supply and Services Canada, 1982), p. 13.
4. Census metropolitan area figures are from the 1981 Census.
5. Estimates based on the 1976 Census. See Statistics Canada, Income Distributions by Size in Canada, 1980 (Ottawa: Minister of Supply and Services Canada, 1982), p. 129.
6. The Canadian Council on Social Development currently sets its poverty line for a family of three at one-half of average family income. Its poverty lines for families of different sizes are established by applying a weighting system in which a family unit of one person gets three points; a family of two, five points; a family of three, six points; a family of four, seven points; a family of five, eight points; and each larger size family an additional point. Unlike Statistics Canada's low income cut-offs, the CCSD poverty lines are not adjusted according to size of place of residence.

The CCSD has estimated its 1982 poverty lines as follows: \$7,975 for a family of one; \$13,292 for a family of two; \$15,950 for three; \$18,608 for four; \$21,266 for five; \$23,925 for six; and \$26,583 for a family of seven. Table 2 in our paper shows that Statistics Canada's 1982 low income cut-offs for one person were \$8,914 for a metropolitan area and \$8,465 for a city of 100,000 - 499,999, but they were lower than the CCSD line in the case of smaller communities (the CCSD line was \$7,975; the Statistics Canada lines were \$7,941 for a community of 30,000 - 99,999, \$7,342 for urban centers under 30,000, and \$6,591 for rural areas). The CCSD's estimates of the 1982 Senate Committee on Poverty lines are \$8,932 for a family unit of one; \$14,887 for two; \$17,864 for three; \$20,841 for four; \$23,818 for five; \$26,796 for six; and \$29,773 for a family of seven. See David P. Ross, The Canadian Fact Book on Poverty - 1983 (Toronto: The Canadian Council on Social Development Series, James Lorimer and Company, Publishers, 1983), p. 5.

It should be noted that the 1982 Statistics Canada poverty lines estimated by the CCSD were based on the revised (1969) low income cut-offs that have since been revised again according to family expenditure data for 1978. The reader should consult Table 2 in this (i.e. National Council of Welfare) document for the final revised (1978) Statistics Canada low-income lines for 1982. More up-to-date poverty statistics than those presented in The Canadian Fact Book on Poverty - 1983 (which actually gives data mainly for 1979) are available in the National Council of Welfare report Poverty in Canada.

The Canadian Council on Social Development has established a task force to review and improve its poverty lines (see CCSD Press Release, February 8, 1983).

7. Income Security Programs Branch. Results of the Survey of Old Age Security and Canada Pension Plan Retirement Benefit Recipients, July 1981 (Ottawa: Health and Welfare Canada, 1982), pp. 11-12. This study found that respondents reported an average of \$10,622 as an adequate income for 1981, where adequate was defined as "income (after taxes) necessary to cover essential needs". However since this figure included persons in couples as well as those living on their own, we calculated an amount of \$8,722 for one person

by averaging the results for elderly respondents who were never married, divorced and widowed. The income suggested as adequate by married persons surveyed - \$11,976 - is \$1,362 higher than the highest Statistics Canada poverty line for two-person families in 1981.

8. Welfare income calculations were performed by the National Council of Welfare. The Social Planning Council of Metropolitan Toronto suggests that a mother with two children aged 3 and 8 needed \$14,469 in 1982 for an adequate living standard. The Social Planning Council's standards of adequacy are determined by committees of persons knowledgeable about the costs of food, clothing, shelter, health and personal care, transportation, household maintenance and other expenditures required to maintain an adequate living standard in Toronto. See Social Planning Council of Metropolitan Toronto, "The Underfunding of Social Assistance Program in Ontario", Social Infopac Vol.1, No. 3, July 1982, Table 3. See also the Social Planning Council Guides for Family Budgeting 1983 (Toronto: Social Planning Council of Metropolitan Toronto, 1983).
9. Gross earnings are calculated on the basis of \$3.80 an hour, 40 hours a week and 52 weeks a year. Net earnings are gross earnings less Canada Pension Plan contributions, Unemployment Insurance premiums, and federal and provincial income tax.
10. Statistics Canada. Income Distributions by Size in Canada: Preliminary Estimates, 1981 (Ottawa: Minister of Supply and Services Canada, 1982), p.25. Data based on revised (1978) low income cut-offs.
11. The poverty line for a family of four living in a metropolitan center was \$16,361 in 1981, which represents 48 percent of the 1981 average income of \$33,840 for a family of four. For a family of four living in a city with 100,000 to 499,999 residents, the 1981 poverty line was \$15,549, or 46 percent of the average income for a four-person family.
12. The poverty line for a single person living in a metropolitan center was \$8,045 in 1981, or 43.5 percent of the 1981 industrial composite wage (\$18,475).

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The National Council of Welfare was established by the Government Organization Act, 1969 as a citizens' advisory body to the Minister of National Health and Welfare. Its mandate is to advise the Minister on matters pertaining to welfare.

The Council consists of 21 members, drawn from across Canada and appointed by the Governor-in-Council. All are private citizens and serve in their personal capacities rather than as representatives of organizations or agencies. The membership of the Council includes past and present welfare recipients, public housing tenants and other low-income citizens, as well as lawyers, professors, social workers and others involved in voluntary service associations, private welfare agencies, and social work education.

Reports by the National Council of Welfare have dealt with income security, taxation, the working poor, children in poverty, single-parent families, social employment, social services, community organization, nutrition, legal aid/legal services, low-income consumers, poor people's groups and poverty coverage in the press.

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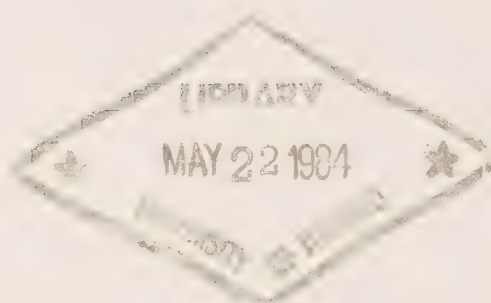
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The latest survey of family expenditure (for 1978) found that Canadian families spend on average 38.5 percent of their income on food, clothing and shelter. Since poor families devote an above-average proportion of their limited income to basic necessities,¹ the low income cut-offs are set at levels where, on average, 58.5 percent of income (20 percentage points above the average) go to the essentials of life.² Any family or single person with an income at or below the relevant poverty line is defined as low-income.

Income is defined as money income received by all family members 15 years and older from the following sources: wages and salaries (before deductions for taxes, pensions, etc.), net income from self-employment, investment income (interest, dividends, rental income, etc.), government transfer payments (e.g., Family Allowances, the Child Tax Credit, Old Age Security, provincial tax credits), pensions (e.g., retirement pensions, annuities and superannuation) and miscellaneous income (e.g., scholarships, alimony).³ Thus the poverty lines are based on gross rather than net (after-tax) income.

A Set of Poverty Lines

There is no single poverty line for all of Canada. To take into account two factors which affect living costs, Statistics Canada varies its low income cut-offs according to the size of the household and of the place of residence.

There are seven categories of family size ranging from a single person to seven or more persons. Communities are divided into five groups according to population: metropolitan areas with half a million or more residents (Vancouver, Edmonton, Calgary, Winnipeg, Hamilton, Toronto, Ottawa, Montreal and Quebec City), large cities (100,000 to 499,999), medium-sized cities (30,000 to 99,999), smaller centers (cities of 15,000 to 30,000 and small urban areas under 15,000) and rural areas (both farm and non-farm).⁴ The result is a set of 35 poverty lines as shown in Table 1.

The higher poverty lines shown in the first three columns of Table 1 apply to more than half of the population: six in ten Canadians live in cities of 30,000 or more. Of these, 41.2 percent are in metropolitan centers (half a million or more), 10.5 percent in large cities (100,000 to 499,999) and 8.2 percent in medium-sized cities (30,000 to 99,999). Of the remainder, 15.8 percent are in cities and town with less than 30,000 residents and 24.3 percent live in rural areas.⁵

Estimating the Poverty Lines

Statistics Canada's low income cut-offs are updated each year according to the change in the cost of living as measured by the Consumer Price Index. The figures in Table 1 were calculated by the National Council of Welfare on the basis of a projected inflation rate of 5 percent for 1984.

If the average Consumer Price Index for 1984 turns out to be more than 5 percent higher than 1983, then the actual 1984 poverty lines will be higher than our estimates. Conversely, a 1984 inflation rate below 5 percent will produce final poverty lines that are lower than those shown in Table 1. Previous National Council of Welfare estimates have proved very close to the actual poverty lines.

Table 2 gives the low income cut-offs for 1980 through 1983.

The Poverty Lines in Context

In response to those who believe Statistics Canada's low-income lines are too high, it is worth pointing out that alternate measures produce higher poverty lines. The Canadian Council on Social Development, which sets its poverty line at one-half of average family income, published a set of poverty line estimates for 1982 that for the most part exceeded Statistics Canada's low income cut-offs (the latter were higher only for single persons living in cities with 100,000 or more residents). The Special Senate Committee on Poverty's low-income lines are substantially above those of Statistics Canada; the Senate Committee lines for families of two or more range from 13 to 27 percent higher than Statistics Canada's low income cut-offs for metropolitan areas.⁶

A recent national survey by Health and Welfare Canada found that aged Canadians reported an average after-tax income of \$10,600 as necessary "to cover essential needs" in 1981 - substantially higher than the Statistics Canada low-income lines for one person, which in 1981 ranged from \$5,949 for rural areas to \$8,045 for the largest cities.⁷ This finding is significant in two ways. First, it shows what a sizeable segment of the population itself regards as a minimally adequate income, as opposed to a poverty line determined according to a formula. Moreover the survey indicates that, at least in the eyes of elderly Canadians, the Statistics Canada low-income lines are anything but generous.

In any event, the debate over what is the **right** poverty line and the **real** number of poor people contributes little if anything to an understanding of the economic situation of low-income Canadians. Poverty lines only establish the upper limit of the low-income population. Most poor Canadians - all welfare recipients, almost all minimum wage workers, and the majority of single elderly persons and single-parent families led by women - live on incomes that are hundreds and more often thousands of dollars under the poverty line. Few people would regard these incomes as adequate by any standard.

Take, as an illustration, a single mother on welfare who supports one child and lives in the largest city in her province. Her family's total income from provincial social assistance and federal family allowances and the child tax credit ranges from 57 percent to 80 percent of the poverty line, depending on her province of residence. If she lives in Toronto, her income in 1983 was about \$7,500, which represents just 60 percent of the amount the Social Planning Council of Metropolitan Toronto considers necessary for her family to maintain "an adequate but modest" standard of living.⁸

The provincial minimum wage ranges from \$3.50 an hour for federal employees to \$4.25 an hour in Saskatchewan. A worker in New Brunswick paid the minimum wage (\$3.80 an hour) will net \$7,213 in 1984 from a full-time, year-round job.⁹ This income is below the poverty line for one person everywhere in the province. Even in Saskatchewan, the province with the highest minimum wage, a full-time worker earning the minimum rate would net only \$7,770, placing him under the poverty line everywhere except for rural areas, where he would end up just \$450 above the poverty line.

Unattached elderly Canadians (i.e., those who live alone or in a household where they are not related to other members) run a very high risk of poverty. An estimated 57.7 percent were poor at last count.¹⁰ Half of women who are single parents raise their children on an income below the poverty line.¹¹

Approximately four million Canadians - one in six - lived on low incomes in 1982, the most recent year for which data is available. This estimate represents a substantial increase of half a million men, women and children over 1981. The risk of poverty went up for families, especially those led by women and young people and those with children to support (the poverty rate for families with four or more children went from one in four in 1981 to one in three in 1982). About 1.2 million children are in low-income families.

Poor Canadians have incomes substantially below average. The poverty line for a family of four is less than half of the average income for a family of four.¹² The low-income line for a single person living in a metropolitan area is 44 percent of the average industrial wage.¹³ Keep in mind that most poor people have incomes that are significantly less than the poverty line, so that the income gap between them and the average Canadian is even wider.

Poverty Statistics

Statistics Canada's low-income lines are used to produce annual data on the size and characteristics of Canada's low-income population. The most recent available statistics, for 1982, are analyzed in the National Council of Welfare's report A Poverty Profile.

Table 1
NATIONAL COUNCIL OF WELFARE ESTIMATES
OF LOW-INCOME LINES FOR 1984

	<u>Population of Area of Residence</u>				<u>Rural</u>
	500,000 and over	100,000 - 499,999	30,000 - 99,999	Less than 30,000	
<u>No. in family</u>					
1	\$ 9,900	\$ 9,403	\$ 8,820	\$ 8,154	\$ 7,322
2	13,063	12,397	11,567	10,733	9,569
3	17,473	16,560	15,476	14,396	12,814
4	20,136	19,136	17,890	16,640	14,812
5	23,464	22,216	20,719	19,303	17,223
6	25,627	24,213	22,633	21,050	18,804
7 or more	28,207	26,709	24,963	23,214	20,719

Table 2

**Statistics Canada Revised (1978)
Low Income Cut-Offs, 1980 to 1983**

	<u>500,000 and over</u>	<u>100,000 - 499,999</u>	<u>30,000 - 99,999</u>	<u>Less than 30,000</u>	<u>Rural</u>
<u>Family Size</u>			<u>1980</u>		
1	\$ 7,152	\$ 6,792	\$ 6,371	\$ 5,890	\$ 5,289
2	9,436	8,955	8,355	7,753	6,912
3	12,622	11,961	11,179	10,398	9,256
4	14,545	13,823	12,922	12,020	10,699
5	16,949	16,047	14,966	13,943	12,441
6	18,511	17,490	16,348	15,206	13,583
7 or more	20,375	19,293	18,031	16,769	14,966
			<u>1981</u>		
1	\$ 8,045	\$ 7,640	\$ 7,167	\$ 6,626	\$ 5,949
2	10,614	10,073	9,398	8,721	7,775
3	14,198	13,455	12,575	11,697	10,412
4	16,361	15,549	14,536	13,521	12,035
5	19,066	18,051	16,835	15,684	13,995
6	20,823	19,674	18,390	17,105	15,279
7 or more	22,919	21,702	20,283	18,863	16,835
			<u>1982</u>		
1	\$ 8,914	\$ 8,466	\$ 7,941	\$ 7,342	\$ 6,592
2	11,761	11,162	10,414	9,663	8,615
3	15,732	14,909	13,934	12,961	11,537
4	18,129	17,229	16,107	14,982	13,336
5	21,126	20,002	18,654	17,379	15,507
6	23,073	21,800	20,377	18,953	16,930
7 or more	25,396	24,047	22,475	20,901	18,654
			<u>1983</u>		
1	\$ 9,429	\$ 8,955	\$ 8,400	\$ 7,766	\$ 6,973
2	12,441	11,807	11,016	10,222	9,113
3	16,641	15,771	14,739	13,710	12,204
4	19,177	18,225	17,038	15,848	14,107
5	22,347	21,158	19,732	18,384	16,403
6	24,407	23,060	21,555	20,048	17,909
7 or more	26,864	25,437	23,774	22,109	19,732

FOOTNOTES

1. Families and unattached individuals (i.e., persons living alone or in a household where they are not related to the other members) in the lowest income decile (i.e., the bottom 10 percent of the income ladder) devoted 60 percent of their income to food, clothing and shelter in 1978, the most recent year for which data is available. Those in the next-to-the-lowest decile spent on average 53.7 percent of their income on food, clothing and shelter. For each higher decile, the proportion of income spent on necessities was lower; family units in the highest 10 percent devoted 32.7 percent of their income to food, clothing and shelter, or just over half of what the poorest families and unattached individuals spent. Our calculations are based on expenditure data presented in Statistics Canada, Family Expenditure in Canada, Volume 3, All Canada: Urban and Rural 1978 (Ottawa: Minister of Supply and Services Canada, 1982), Table 2.
2. See Statistics Canada, "Revision of Low Income Cut-offs", Income Distributions by Size in Canada, 1980 (Ottawa: Minister of Supply and Services Canada, 1982), pp. 120-128.
3. Statistics Canada. Income Distributions by Size in Canada: Preliminary Estimates, 1982 (Ottawa: Minister of Supply and Services Canada, 1983), p. 12.
4. Census metropolitan area estimates for 1983 are from Statistics Canada Daily (October 24, 1983), p. 4.
5. Statistics Canada. 1981 Census of Canada Vol. 1 - Population: Age, sex and marital status (Ottawa: Minister of Supply and Services Canada, 1982), Table 6.
6. The Canadian Council on Social Development currently sets its poverty line for a family of three at one-half of average family income. Its poverty lines for families of different sizes are established by applying a weighting system in which a family unit of one person gets three points; a family of two, five points; a family of three, six points; a family of four, seven points; a family of five, eight points; and each larger size family an additional point. Unlike Statistics Canada's low income cut-offs, the CCSD poverty lines are not adjusted according to size of place of residence.

The CCSD estimated its 1982 poverty lines as follows: \$7,975 for a family of one; \$13,292 for a family of two; \$15,950 for three; \$18,608 for four; \$21,266 for five; \$23,925 for six; and \$26,583 for a family of seven. Table 2 in our paper shows that Statistics Canada's 1982 low income cut-offs for one person were \$8,914 for a metropolitan area and \$8,465 for a city of 100,000 - 499,999, but they were lower than the CCSD line in the case of smaller communities (the CCSD line was \$7,975; the Statistics Canada lines were \$7,941 for a community of 30,000 - 99,999, \$7,342 for urban centers under 30,000, and \$6,591 for rural areas). The CCSD's estimates of the 1982

Senate Committee on Poverty lines are \$8,932 for a family unit of one; \$14,887 for two; \$17,864 for three; \$20,841 for four; \$23,818 for five; \$26,796 for six; and \$29,773 for a family of seven. See David P. Ross, The Canadian Fact Book on Poverty - 1983 (Toronto: The Canadian Council on Social Development Series, James Lorimer and Company, Publishers, 1983),

p. 5.

It should be noted that the 1982 Statistics Canada poverty lines estimated by the CCSD were based on the revised (1969) low income cut-offs that have since been revised again according to family expenditure data for 1978. The reader should consult Table 2 in this (i.e., National Council of Welfare) document for the final revised (1978) Statistics Canada low-income lines for 1982. More up-to-date poverty statistics than those presented in The Canadian Fact Book on Poverty - 1983 (which actually gives data mainly for 1979) are available from the National Council of Welfare.

The Canadian Council on Social Development has established a task force to review and improve its poverty lines (see CCSD Press Release, February 8, 1983).

7.

Income Security Programs Branch. Survey of Old Age Security and Canada Pension Plan Retirement Benefit Recipients, July 1981 (Ottawa: Health and Welfare Canada, 1983), Summary. This survey found that respondents reported an average of \$10,622 as an adequate income for 1981, where adequate was defined as "income (after taxes) necessary to cover essential needs".

8.

Welfare income calculations were performed by the National Council of Welfare. The Social Planning Council of Metropolitan Toronto suggests that a mother with one child aged 4 needed \$12,597 in 1983 for an adequate standard of living. The Social Planning Council's standards of adequacy are determined by committees of persons knowledgeable about the costs of food, clothing, shelter, health and personal care, transportation, household maintenance and other expenditures required to maintain an adequate living standard in Toronto. See Social Planning Council of Metropolitan Toronto, "The Continued Underfunding of Social Assistance in Ontario: An Analysis of 1983 Rates in Ontario", December 1982.

9.

Gross earnings are calculated on the basis of \$3.80 an hour, 40 hours a week and 52 weeks a year. Net earnings are gross earnings less Canada Pension Plan contributions, Unemployment Insurance premiums, and federal and provincial income tax.

10.

Statistics Canada. Income Distributions by Size in Canada: Preliminary Estimates, 1982 (Ottawa: Minister of Supply and Services Canada, 1983), p. 25. Data based on revised (1978) low income cut-offs.

11.

Forecast by the National Council of Welfare, as are estimates in the following paragraph. Final data will be available later in the year.

12. The poverty line for a family of four living in a metropolitan center was \$16,361 in 1981, which represents 48 percent of the 1981 average income of \$33,840 for a family of four. For a family of four living in a city with 100,000 to 499,999 residents, the 1981 poverty line was \$15,549, or 46 percent of the average income for a four-person family.
13. The poverty line for a single person living in a metropolitan center was \$8,045 in 1981, or 43.5 percent of the 1981 industrial composite wage (\$18,475). Our estimates for 1984 are \$9,900 and \$22,800 respectively, which produced the same result.

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* * * * *

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NATIONAL COUNCIL OF WELFARE

The National Council of Welfare was established by the Government Organization Act, 1969 as a citizens' advisory body to the Minister of National Health and Welfare. Its mandate is to advise the Minister on matters pertaining to welfare.

The Council consists of 21 members, drawn from across Canada and appointed by the Governor-in-Council. All are private citizens and serve in their personal capacities rather than as representatives of organizations or agencies. The membership of the Council includes past and present welfare recipients, public housing tenants and other low-income citizens, as well as lawyers, professors, social workers and others involved in voluntary service associations, private welfare agencies, and social work education.

Reports by the National Council of Welfare have dealt with a wide range of issues on poverty and social policy in Canada, including: income security, medicare, poverty lines and poverty statistics, pension reform, the aged, taxation, the working poor, children in poverty, community economic development, women and poverty, employment policy, single-parent families, social services, nutrition, community organizing, child welfare, poor people's groups, legal aid/legal services, low-income consumers, and poverty coverage in the press.

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estimates by the
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march 1985

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Take, as an illustration, a single mother on welfare who supports one child and lives in the largest city in her province. Her family's total income from provincial social assistance and federal family allowances and the child

tax credit ranges from 57 percent to 78 percent of the poverty line, depending on her province of residence. If she lives in Toronto, her income in 1984 was about \$8,000, which represents little more than half (52 percent) of the amount the Social Planning Council of Metropolitan Toronto considers necessary for her family to maintain "an adequate but modest" standard of living.⁸ If she lives in Vancouver, her income in May of 1984 was \$112 short of the subsistence income standard set by the United Way of the Lower Mainland.⁹

The provincial minimum wage ranges from \$3.65 an hour in British Columbia to \$4.25 an hour in Saskatchewan. A worker in New Brunswick paid the minimum wage (\$3.80 an hour) will net \$6,823 in 1985 from a full-time, year-round job.¹⁰ This income is substantially below the poverty line for one person. Even in Saskatchewan, the province with the highest minimum wage, a full-time worker earning the minimum rate would net only \$7,461, an income which is also below the poverty line for all communities.

Approximately 4.3 million Canadians - one in six - lived on low incomes in 1983, the most recent year for which data is available. This estimate represents a substantial increase of 448,000 men, women and children over 1982. The number of low-income families has risen steadily during the past several years - 745,000 in 1980, 768,000 in 1981, 869,000 in 1982 and an estimated 967,000 in 1983. Unattached men have experienced a steady increase in poverty since 1981 (28.5 percent of them were poor in 1981, 31.3 percent in 1982, and an estimated 35.2 percent in 1983) and an estimated 45.8 percent of unattached women lived on low incomes in 1983. About 1.2 million children - one in five - are in low-income families, and their ranks have risen by one-third since 1980.¹¹

Unattached elderly Canadians (i.e., those who live alone or in a household where they are not related to other members) run a very high risk of poverty. An estimated 56 percent (434,000 women and men) were poor at last count.¹² Close to half of women who are single parents raise their children on an income below the poverty line.

Poor Canadians have incomes substantially below average. The poverty line for a family of four is less than half of the average income for a family of four.¹³ The low-income line for one person living in a metropolitan area is 43 percent of the average industrial wage.¹⁴ Keep in mind that most poor people have incomes that are significantly less than the poverty line, so that the income gap between them and the average Canadian is even wider.

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OF LOW-INCOME LINES FOR 1985¹⁵

Population of Area of Residence

Family Size	500,000 and over	Population of Area of Residence			Rural
		100,000 - 499,999	30,000 - 99,999	Less than 30,000	
1	\$10,238	\$ 9,723	\$ 9,121	\$ 8,432	\$ 7,571
2	13,508	12,820	11,961	11,098	9,895
3	18,068	17,123	16,004	14,886	13,250
4	20,821	19,787	18,498	17,206	15,316
5	24,263	22,972	21,423	19,960	17,810
6	26,500	25,037	23,402	21,767	19,444
7 or more	29,167	27,617	25,812	24,004	21,423

Table 2
Statistics Canada Revised
Low Income Cut-Offs, 1980 to 1984

	<u>500,000 and over</u>	<u>100,000 - 499,999</u>	<u>30,000 - 99,999</u>	<u>Less than 30,000</u>	<u>Rural</u>
<u>Family Size</u>			<u>1980</u>		
1	\$ 7,152	\$ 6,792	\$ 6,371	\$ 5,890	\$ 5,289
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5	22,346	21,157	19,731	18,383	16,403
6	24,406	23,059	21,554	20,048	17,908
7 or more	26,863	25,436	23,773	22,108	19,731

	<u>500,000 and over</u>	<u>100,000 - 499,999</u>	<u>30,000 - 99,999</u>	<u>Less than 30,000</u>	<u>Rural</u>
<u>Family Size</u>	<u>1984</u>				
1	\$ 9,844	\$ 9,349	\$ 8,770	\$ 8,108	\$ 7,280
2	12,988	12,327	11,501	10,671	9,514
3	17,373	16,464	15,388	14,313	12,740
4	20,020	19,026	17,787	16,544	14,727
5	23,330	22,088	20,599	19,192	17,125
6	25,480	24,074	22,502	20,930	18,696
7 or more	28,045	26,555	24,819	23,081	20,599

FOOTNOTES

1. Families and unattached individuals (the latter means persons living alone or in a household where they are not related to the other members) in the lowest income quintile (i.e., the bottom 20 percent of the income ladder) devoted 57.5 percent of their income to food, clothing and shelter in 1982, the most recent year for which data is available. Those in the next-to-the lowest quintile spent on average 45.6 percent of their income on food, clothing and shelter. For each higher quintile, the proportion of income spent on necessities was lower; family units in the highest 20 percent devoted only 33 percent of their income to food, clothing and shelter. These calculations are based on expenditure data presented in Statistics Canada, Family Expenditure in Canada, 1982 (Ottawa: Minister of Supply and Services Canada, 1984), Table 31.
2. See Statistics Canada, "Revision of Low Income Cut-offs", Income Distributions by Size in Canada, 1980 (Ottawa: Minister of Supply and Services Canada, 1982), pp. 120-128.
3. Statistics Canada. Income Distributions by Size in Canada: Preliminary Estimates, 1983 (Ottawa: Minister of Supply and Services Canada, 1984), p. 12.
4. Census metropolitan area estimates are from Statistics Canada Daily (October 24, 1983), p. 4.
5. Statistics Canada. 1981 Census of Canada Vol. 1 - Population: Age, sex and marital status (Ottawa: Minister of Supply and Services Canada, 1982), Table 6.
6. The Canadian Council on Social Development sets its poverty line for a family of three at one-half of average family income. Its poverty lines for families of different sizes are established by applying a weighting system in which a family unit of one person gets three points; a family of two, five points; a family of three, six points; a family of four, seven points; a family of five, eight points; and each larger size family an additional point. Unlike Statistics Canada's low income cut-offs, the CCSD poverty lines are not adjusted according to size of place of residence because the Council holds that living costs vary neither significantly nor systematically by community size.

The CCSD estimates its 1984 poverty lines as follows: \$9,056 for one person; \$15,094 for a family of two; \$18,113 for three; \$21,131 for four; \$24,150 for five; and \$27,169 for a family of six. Table 2 in our paper shows that Statistics Canada's 1984 low income cut-offs for one person were \$9,844 for a metropolitan area and \$9,349 for a city of 100,000 to 499,999, but they were lower than the CCSD line in the case of smaller communities (the CCSD line was \$9,056; the Statistics Canada 1984 lines were \$8,770 for a community of 30,000 to 99,999, \$8,108 for urban centers under 30,000, and \$7,280 for rural areas). See Not Enough: The Meaning and Measurement of Poverty in Canada (Ottawa: Canadian Council on Social Development, 1984), pp. 42 and 69.

7. Income Security Programs Branch. Survey of Old Age Security and Canada Pension Plan Retirement Benefit Recipients, July 1981 (Ottawa: Health and Welfare Canada, 1983), Summary. This survey found that respondents reported an average of \$10,622 as an adequate income for 1981, where adequate was defined as "income (after taxes) necessary to cover essential needs".
8. Welfare income calculations are by the National Council of Welfare. The Social Planning Council of Metropolitan Toronto suggests that a mother with one child aged 4 needed \$15,302 in 1984 for an adequate standard of living. The Social Planning Council's standards of adequacy are determined by committees of persons knowledgeable about the costs of food, clothing, shelter, health and personal care, transportation, household maintenance and other expenditures required to maintain an adequate living standard in Toronto.
9. Levens, Bruce and Jennifer Cleathero. The Cost of Basic Living: Basic Family Living Costs in the Lower Mainland in May 1984 (Vancouver: Social Planning and Research, United Way of the Lower Mainland, November 1984), p. 18. The minimum standard was \$782 a month; her actual income was \$670.
10. Gross earnings are calculated on the basis of \$3.80 an hour, 37.5 hours a week, 52 weeks a year. Net earnings are gross earnings less Canada Pension Plan contributions, Unemployment Insurance premiums, and federal and provincial income tax.
11. Statistics Canada. Income Distributions by Size in Canada: Preliminary Estimates, 1983 (Ottawa: Minister of Supply and Services Canada, 1984), p. 25. Data based on revised (1978) low income cut-offs.
12. The 1983 figures for children are forecasts by the National Council of Welfare. All other data in the paragraph are from the Statistics Canada report cited in the previous footnote.
13. The poverty line for a family of four living in a metropolitan center was \$18,129 in 1982, which represents 49 percent of the 1982 average income of \$36,845 for a family of four. For a family of four living in a city with 100,000 to 499,999 residents, the 1982 poverty line was \$17,229 or 47 percent of the average income for a four-person family.
14. The poverty line for one person living in a metropolitan center was \$9,844 in 1984, which represents 43 percent of the estimated average industrial wage for 1984 (\$22,841).
15. These are technically known as the "low income cut-offs (1978 base)". The "1978" refers to the Family Expenditure Survey data on which the cut-offs are based. Table 2 also presents low income cut-offs (1978 base).

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NATIONAL COUNCIL OF WELFARE

The National Council of Welfare was established by the Government Organization Act, 1969 as a citizens' advisory body to the Minister of National Health and Welfare. Its mandate is to advise the Minister on matters pertaining to welfare.

The Council consists of 21 members, drawn from across Canada and appointed by the Governor-in-Council. All are private citizens and serve in their personal capacities rather than as representatives of organizations or agencies. The membership of the Council has included past and present welfare recipients, public housing tenants and other low-income citizens, as well as lawyers, professors, social workers and others involved in voluntary service associations, private welfare agencies, and social work education.

Reports by the National Council of Welfare deal with a wide range of issues on poverty and social policy in Canada, including: income security programs, medicare, poverty lines and poverty statistics, pension reform, the aged, taxation, the working poor, children in poverty, community economic development, women and poverty, employment policy, single-parent families, social services, nutrition, community organizing, child welfare, poor people's groups, legal aid/legal services, low-income consumers, and poverty coverage in the press.

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1986 *poverty lines*

estimates by the
national council of welfare

june 1986



Canada

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Defining Poverty

The most widely used Canadian poverty lines are the "low income cut-offs" which Statistics Canada employs to produce data on the low-income population. Though Statistics Canada does not regard its low income cut-offs as poverty lines, the National Council of Welfare follows common practice in using them as poverty lines. We use the terms 'poverty line' and 'low-income line' interchangeably.

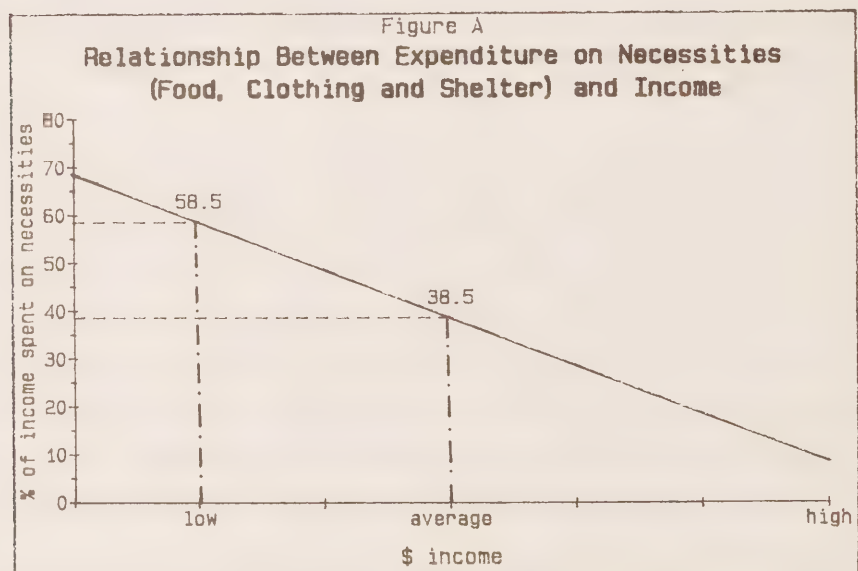
The 1978 Survey of Family Expenditure found that Canadian families spend on average 38.5 percent of their income on food, clothing and shelter. Since poor families devote an above-average proportion of their limited income to basic necessities,¹ the low income cut-offs are set at levels where, on average, 58.5 percent of income (20 percentage points above the average) go to the essentials of life.² Any family or single person with an income at or below the relevant poverty line is defined as low-income. (Since the 1982 Survey of Family Expenditure found little significant change in these proportions, Statistics Canada has continued to base its low income cut-offs on the 58.5 percent criterion).

Income is defined as money income received by all family members 15 years and older from the following sources: wages and salaries (before deductions for taxes, pensions, etc.), net income from self-employment, investment income (interest, dividends, rental income, etc.), government transfer payments (e.g., Family Allowances, the Child Tax Credit, Old Age Security, provincial tax credits), pensions (e.g., retirement pensions, annuities and superannuation) and miscellaneous income (e.g., scholarships, alimony).³ Thus the poverty lines are based on gross rather than net (after-tax) income.

The definition of income excludes the following: gambling wins and losses, capital gains or losses, lump-sum inheritances, receipts from the sale of property or personal belongings, income tax refunds, loans received or repaid, lump-sum settlements of insurance policies and income in kind (e.g., food and fuel produced on one's own farm).

Figure A is a symbolic representation of how the poverty lines are determined.⁴ The slanted line links expenditure on necessities with level of income: The higher the income, the lower the proportion devoted to necessities, for the simple reason that there is more money available to cover the cost of food, clothing and shelter. In fact higher-income Canadians spend more in absolute terms on necessities even though that expenditure is low in relative (percentage) terms.

The average family spends 38.5 percent of its income on necessities. To establish the low income cut-offs, Statistics Canada in effect finds the point on the slanted line where 58.5 percent (38.5 plus 20) of income goes to food, clothing and shelter and then drops a vertical line down to the income axis (the straight line at the bottom of the graph) to find the level of income that corresponds to the 58.5 percent expenditure. That level of income is termed the "low income cut-off" (or "poverty line", in everyday speech).



A Set of Poverty Lines

There is no single poverty line for all of Canada. To take into account two factors which affect living costs, Statistics Canada varies its low income cut-offs according to the size of the family and of the place of residence.

There are seven categories of family size ranging from one person to seven or more persons. Communities are divided into five groups according to population: metropolitan areas with half a million or more residents (Vancouver, Edmonton, Calgary, Winnipeg, Hamilton, Toronto, Ottawa, Montreal and Quebec City), large cities (100,000 to 499,999), medium-sized cities (30,000 to 99,999), smaller centers (cities of 15,000 to 30,000 and small urban areas under 15,000) and rural areas (both farm and non-farm).⁵ The result is a set of 35 poverty lines as shown in Table 1 on page 9.

The low-income lines shown in the first three columns of Table 1 apply to more than half of the population: six in ten Canadians live in cities of 30,000 or more. Of these, 41.2 percent are in metropolitan centers (half a million or more), 10.5 percent in large cities (100,000 to 499,999) and 8.2 percent in medium-sized cities (30,000 to 99,999). Of the remainder, 15.8 percent are in cities and towns with less than 30,000 residents and 24.3 percent live in rural areas.⁶

Estimating the Poverty Lines

Statistics Canada's low income cut-offs are updated each year according to the change in the cost of living as measured by the Consumer Price Index. The figures in Table 1 were calculated by the National Council of Welfare on the basis of a projected inflation rate of 4.3 percent for 1986 (the Minister of Finance's projection in the February 1986 Budget).

If the average Consumer Price Index for 1986 turns out to be more than 4.3 percent higher than 1985, then the actual 1986 poverty lines will be higher than our estimates. Conversely, a 1986 inflation rate below 4.3 percent will

produce final poverty lines that are lower than those shown in Table 1. Previous National Council of Welfare estimates have proved very close to the actual poverty lines; our 1985 estimates turned out to be exactly the same as the final figures.

Table 2 on page 10 gives the low income cut-offs for 1980 through 1985.

The Poverty Lines in Context

In response to those who believe Statistics Canada's low-income lines are too high, it is worth pointing out that alternate measures produce higher poverty lines. The Canadian Council on Social Development, which sets its poverty line at one-half of average family income, published a set of poverty line estimates for 1984 that for the most part exceed Statistics Canada's low income cut-offs (the latter are higher only for single persons living in cities with 100,000 or more residents). Our estimates indicate that the situation is the same in 1986.⁷

A national survey by Health and Welfare Canada found that aged Canadians reported an average after-tax income of \$10,600 as necessary "to cover essential needs" in 1981 - substantially higher than the Statistics Canada low-income lines for one person, which in 1981 ranged from \$5,949 for rural areas to \$8,045 for the largest cities.⁸ This finding is significant in two ways. First, it shows what a sizeable segment of the population itself regards as a minimally adequate income, as opposed to a poverty line determined according to a formula. Moreover the survey indicates that, at least in the eyes of elderly Canadians, the Statistics Canada low-income lines are anything but generous.

Even more telling are results from a recent Gallup poll taken in March of 1986 which asked respondents what they consider "the least amount of money a family of four - husband, wife and two children - needs each week to get along". The average amount was \$400 a week. The average weekly poverty level for a family of four is an estimated \$367 in 1986 - less than the Gallup result.⁹

In any event, the debate over what is the 'right' poverty line and the 'real' number of poor people contributes little if anything to an understanding of the economic situation of low-income Canadians. Poverty lines only establish the upper limit of the low-income population. Most poor Canadians live on incomes that are hundreds and more often thousands of dollars under the poverty line. Few people would regard these incomes as adequate by any standard.

Take, as an illustration, a single mother on welfare who supports one child aged 2 and lives in the largest city in her province. Her family's total income from provincial social assistance and federal family allowances and the child tax credit ranges from 62 percent to 76 percent of the poverty line, depending on her province of residence. If she lives in Toronto, her income in 1985 was about \$8,850, which represents little more than half (56 percent) of the amount the Social Planning Council of Metropolitan Toronto considers necessary for her family to maintain "an adequate but modest" standard of living.¹⁰

The adult minimum wage ranges from \$3.65 an hour in British Columbia to \$5.00 an hour in the Northwest Territories. (A typical rate is \$4.00 an hour, payable in Newfoundland, Prince Edward Island, Nova Scotia, Quebec, Ontario and in industries within federal jurisdiction). A worker in Nova Scotia paid the provincial minimum wage (\$4.00 an hour) will net \$7,007 in 1986 from a full-time year-round job. This income is substantially below the poverty line, which ranges from an estimated \$10,108 for Halifax to \$7,870 for rural parts of the province. Even in the Northwest Territories, which has the highest minimum wage (\$5.00 an hour), a full-time worker earning the minimum rate would net only \$8,460, an income which is below the low-income line for all but rural communities (where the estimated poverty line is \$7,870).¹¹

An estimated 4,214,000 Canadians - one in six - lived on low incomes in 1984, the most recent year for which data is available. This figure represents a substantial increase of 739,000 men, women and children over 1980. The number of low-income families has risen steadily during the past several years - 745,000 in 1980, 768,000 in 1981, 869,000 in 1982, 924,000 in 1983 and 972,000 in 1984. Over 1.2 million children under 16 - one in five - are in low-income families and their ranks have risen by 35 percent since 1980.¹²

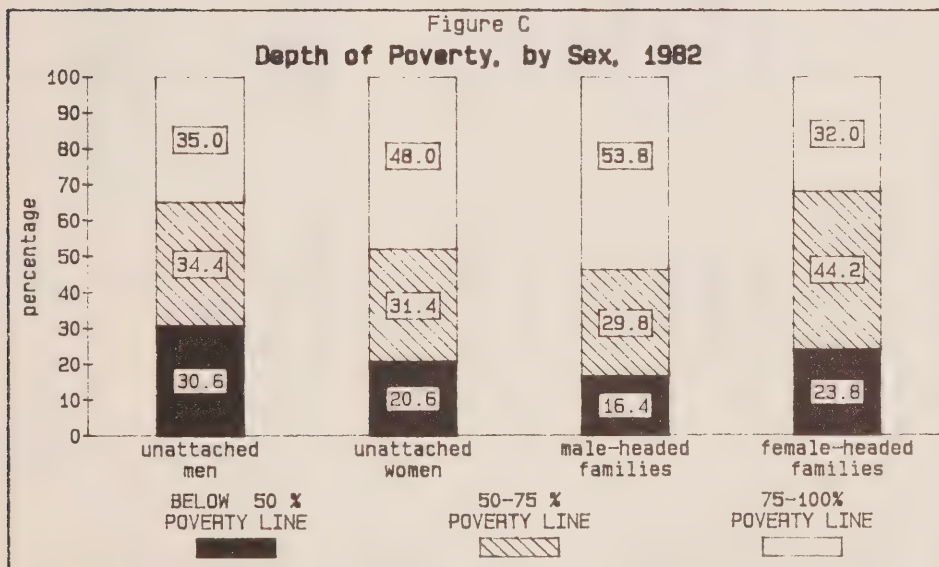
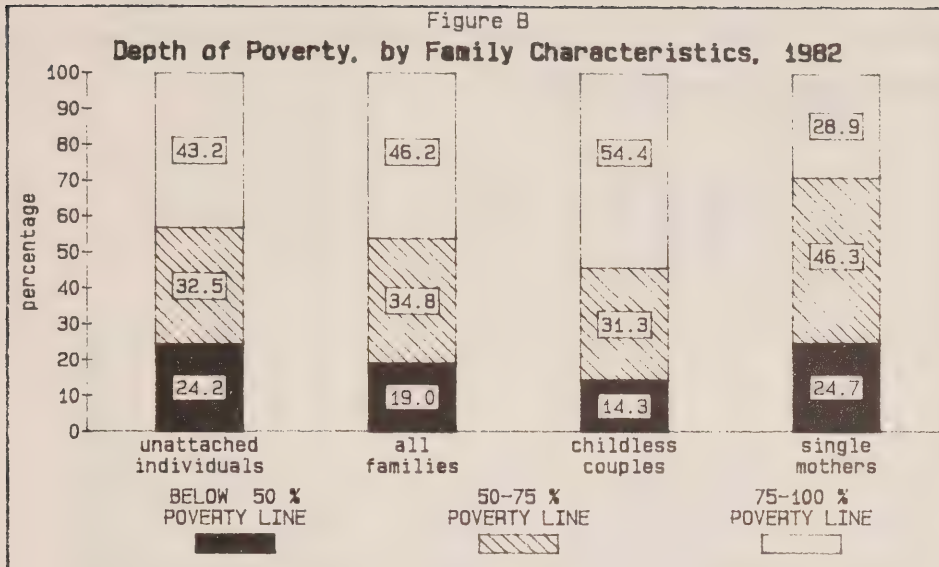
Unattached elderly Canadians (i.e., those who live alone or in a household where they are not related to other members) run a very high risk of poverty. Almost half (49.6 percent or 361,000 women and men) were poor at last count. Six in every ten women under age 65 who are single parents raise their children on an income below the poverty line.¹³

Poor Canadians have incomes substantially below average. The poverty line for a family of four is less than half of the average income for a family of four.¹⁴ The low-income line for one person living in a metropolitan area is 47 percent of the average wage.¹⁵ Keep in mind that most poor people have incomes that are significantly less than the poverty line, so that the income gap between them and the average Canadian is even wider.

Figures B and C illustrate the 'depth of poverty'. They divide low-income Canadians into three groups - those with incomes below half the poverty line, those between one-half and three-quarters the poverty line and those with incomes between three-quarters and the full poverty line. (The data are for 1982, the most recent available as we went to press.)

Figure B shows that the majority of low-income families and unattached individuals are below three-quarters of the poverty line. Twenty-four percent of poor unattached individuals have incomes under half the poverty line and 33 percent are from one-half to three-quarters the low-income line. More than half of low-income childless couples (54.4 percent) fall between three-quarters and the full poverty line. Single mothers, by contrast, are concentrated at the bottom of the income ladder - 25 percent live below one-half the poverty level and another 46 percent are from half to three-quarters of the line.

Figure C examines the depth of poverty for men and women. Two poor unattached men in three have incomes under 75 percent of the poverty line, in contrast to only one poor unattached woman in two. As expected, low-income families led by women are worse off than those headed by men. More than half of male-headed poor families (54 percent) have incomes above three-quarters of the low-income line. However most (68 percent) female-led families are below three-quarters of the poverty line; 24 percent are very poor (under half the line).



Poverty Statistics

Statistics Canada's low-income lines are used to produce annual data on the size and characteristics of Canada's low-income population. The most recent statistics, for 1984, are analyzed in detail in the National Council of Welfare's report Poverty Profile 1985.

TABLE 1

**NATIONAL COUNCIL OF WELFARE ESTIMATES
OF LOW INCOME LINES FOR 1986¹⁶**

	<u>Population of Area of Residence</u>				Rural
	500,000 and over	100,000 - 499,999	30,000 - 99,999	Less than 30,000	
<u>Family Size</u>					
1	\$10,673	\$10,108	\$ 9,481	\$ 8,765	\$ 7,870
2	14,081	13,365	12,469	11,570	10,316
3	18,836	17,850	16,683	15,519	13,813
4	21,705	20,628	19,284	17,938	15,967
5	25,294	23,948	22,334	20,808	18,567
6	27,626	26,101	24,398	22,692	20,270
7 or more	30,407	28,792	26,909	25,024	22,334

Table 2

STATISTICS CANADA REVISED
LOW INCOME CUT-OFFS, 1980 TO 1985¹⁶

Population of Area of Residence

	<u>500,000 and over</u>	<u>100,000 - 499,999</u>	<u>30,000 - 99,999</u>	<u>Less than 30,000</u>	<u>Rural</u>
<u>Family Size</u>			<u>1980</u>		
1	\$ 7,152	\$ 6,792	\$ 6,371	\$ 5,890	\$ 5,289
2	9,436	8,955	8,355	7,753	6,912
3	12,622	11,961	11,179	10,398	9,256
4	14,545	13,823	12,922	12,020	10,699
5	16,949	16,047	14,966	13,943	12,441
6	18,511	17,490	16,348	15,206	13,583
7 or more	20,375	19,293	18,031	16,769	14,966
			<u>1981</u>		
1	\$ 8,045	\$ 7,640	\$ 7,167	\$ 6,626	\$ 5,949
2	10,614	10,073	9,398	8,721	7,775
3	14,198	13,455	12,575	11,697	10,412
4	16,361	15,549	14,536	13,521	12,035
5	19,066	18,051	16,835	15,684	13,995
6	20,823	19,674	18,390	17,105	15,279
7 or more	22,919	21,702	20,283	18,863	16,835
			<u>1982</u>		
1	\$ 8,914	\$ 8,466	\$ 7,941	\$ 7,342	\$ 6,592
2	11,761	11,162	10,414	9,663	8,615
3	15,732	14,909	13,934	12,961	11,537
4	18,129	17,229	16,107	14,982	13,336
5	21,126	20,002	18,654	17,379	15,507
6	23,073	21,800	20,377	18,953	16,930
7 or more	25,396	24,047	22,475	20,901	18,654
			<u>1983</u>		
1	\$ 9,429	\$ 8,955	\$ 8,400	\$ 7,766	\$ 6,973
2	12,440	11,807	11,016	10,221	9,113
3	16,641	15,770	14,739	13,710	12,203
4	19,176	18,224	17,037	15,847	14,106
5	22,346	21,157	19,731	18,383	16,403
6	24,406	23,059	21,554	20,048	17,908
7 or more	26,863	25,436	23,773	22,108	19,731

	<u>500,000 and over</u>	<u>100,000 - 499,999</u>	<u>30,000 - 99,999</u>	<u>Less than 30,000</u>	<u>Rural</u>
<u>Family Size</u>			<u>1984</u>		
1	\$ 9,839	\$ 9,345	\$ 8,766	\$ 8,104	\$ 7,276
2	12,981	12,321	11,495	10,666	9,510
3	17,365	16,456	15,380	14,307	12,734
4	20,010	19,017	17,778	16,537	14,720
5	23,318	22,078	20,590	19,183	17,117
6	25,468	24,062	22,492	20,920	18,687
7 or more	28,032	26,543	24,807	23,070	20,590
			<u>1985</u>		
1	10,233	9,719	9,117	8,428	7,567
2	13,500	12,814	11,955	11,093	9,890
3	18,060	17,114	15,995	14,879	13,243
4	20,810	19,778	18,489	17,198	15,309
5	24,251	22,961	21,414	19,950	17,802
6	26,487	25,024	23,392	21,757	19,434
7 or more	29,153	27,605	25,799	23,993	21,414

FOOTNOTES

1. Families and unattached individuals (the latter means persons living alone or in a household where they are not related to the other members) in the lowest income quintile (i.e., the bottom 20 percent of the income ladder) devoted 57.5 percent of their income to food, clothing and shelter in 1982, the most recent year for which data is available. Those in the next-to-the lowest quintile spent on average 45.6 percent of their income on food, clothing and shelter. For each higher quintile, the proportion of income spent on necessities was lower; family units in the highest 20 percent devoted only 33 percent of their income to food, clothing and shelter. These calculations are based on expenditure data presented in Statistics Canada, Family Expenditure in Canada, 1982 (Ottawa: Minister of Supply and Services Canada, 1984), Table 31.
2. See Statistics Canada, "Revision of Low Income Cut-offs", Income Distributions by Size in Canada, 1980 (Ottawa: Minister of Supply and Services Canada, 1982), pp. 120-128.
3. Statistics Canada. Income Distributions by Size in Canada: Preliminary Estimates, 1984 (Ottawa: Minister of Supply and Services Canada, 1985), p. 13.
4. This graph is not intended to be a precise depiction of the actual curve linking expenditure on necessities to income. For more information on this subject, see Statistics Canada's Rebasing Low Income Cut-Offs to 1978 (Ottawa: Minister of Supply and Services Canada, 1983).
5. Census metropolitan area estimates for June 1, 1985 were obtained from Statistics Canada.
6. Statistics Canada. 1981 Census of Canada Vol. 1 - Population: Age, sex and marital status (Ottawa: Minister of Supply and Services Canada, 1982), Table 6.
7. The Canadian Council on Social Development sets its poverty line for a family of three at one-half of average family income. Its poverty lines for families of different sizes are established by applying a weighting system in which a family unit of one person gets three points; a family of two, five points; a family of three, six points; a family of four, seven points; a family of five, eight points; and each larger size family an additional point. Unlike Statistics Canada's low income cut-offs, the CCSD poverty lines are not adjusted according to size of place of residence because the CCSD hold that living costs vary neither significantly nor systematically by community size.

The CCSD estimated its 1984 poverty lines as follows: \$9,056 for one person; \$15,094 for a family of two; \$18,113 for three; \$21,131 for four; \$24,150 for five; and \$27,169 for a family of six. Table 2 in our paper shows that Statistics Canada's 1984 low income cut-offs for one person were \$9,839 for a metropolitan area and \$9,345 for a city of 100,000 to 499,999,

but they were lower than the CCSD line in the case of smaller communities (the CCSD line was \$9,056; the Statistics Canada 1984 lines were \$8,766 for a community of 30,000 to 99,999, \$8,104 for urban centers under 30,000 and \$7,276 for rural areas. The CCSD lines for families of two and larger exceed the Statistics Canada lines for all community sizes. See Not Enough: The Meaning and Measurement of Poverty in Canada (Ottawa: Canadian Council on Social Development, 1984), pp. 42 and 69.

Our own (unofficial) estimates of the CCSD poverty lines for 1986 are as follows: \$9,500 for one person; \$15,833 for two; \$19,000 for three; \$22,167 for four; \$25,333 for five; \$28,500 for a family of six. The estimated CCSD line for one person is, as in 1984, lower than the estimated Statistics Canada cut-offs for large cities (which are \$10,673 for 500,000 and over and \$10,108 for cities of 100,000 to 499,999) and the estimated CCSD lines for families of two or more are higher. The interested reader should contact the Canadian Council on Social Development for information on its poverty lines.

8. Income Security Programs Branch. Survey of Old Age Security and Canada Pension Plan Retirement Benefit Recipients, July 1981 (Ottawa: Health and Welfare Canada, 1983), Summary. This survey found that respondents reported an average of \$10,622 as an adequate income for 1981, where adequate was defined as "income (after taxes) necessary to cover essential needs".
9. Gallup results as reported in "Family of four needs \$400 a week, most say", Montreal Gazette, May 5, 1986. Fifty-five percent of respondents said that a family of four needs a minimum weekly income of \$400 or over; 62 percent of respondents living in cities of 100,000 or more set the minimum amount at \$400 or more. The \$367 figure is the average of the poverty lines for a family of four living for the five different sized communities, ranging from metropolitan centers of 500,000 and above to rural areas. If we look only at the average poverty line for cities 100,000 or more, the estimate for 1986 - \$407 - is virtually the same as the Gallup average.
10. Welfare income calculations are by the National Council of Welfare; the figure for Ontario also includes provincial tax credits. The Social Planning Council of Metropolitan Toronto suggests that a mother with one child aged 4 needed \$15,302 in 1984 for an adequate standard of living. Since 1985 figures were not available as we went to press, we have indexed this figure by inflation (4 percent) to arrive at an estimate of \$15,914 for 1985. The Social Planning Council's standards of adequacy are determined by committees of persons knowledgeable about the costs of food, clothing, shelter, health and personal care, transportation, household maintenance and other expenditures required to maintain an adequate living standard in Toronto.
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12. Statistics Canada. Income Distributions by Size in Canada: 1984 (Ottawa: Minister of Supply and Services Canada, 1986), p. 177. Data based on revised (1978) low income cut-offs.
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14. The poverty line for a family of four living in a metropolitan center was \$19,176 in 1983, which represents 47.2 percent of the 1983 average income of \$40,639 for a family of four. For a family of four living in a city with 100,000 to 499,999 residents, the 1983 poverty line was \$18,224 or 44.8 percent of the average income for a four-person family.
15. The poverty line for one person living in a metropolitan center was \$10,233 in 1985, which represents 46.9 percent of the estimated average industrial aggregate wage for 1985 (\$22,632).
16. These are technically known as the "low income cut-offs (1978) base)". The "1978" refers to the Family Expenditure Survey data on which the cut-offs are based. Table 2 also presents low income cut-offs (1978) base.

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NATIONAL COUNCIL OF WELFARE

The National Council of Welfare was established by the Government Organization Act, 1969 as a citizens' advisory body to the Minister of National Health and Welfare. Its mandate is to advise the Minister on matters pertaining to welfare.

The Council consists of 21 members, drawn from across Canada and appointed by the Governor-in-Council. All are private citizens and serve in their personal capacities rather than as representatives of organizations or agencies. The membership of the Council has included past and present welfare recipients, public housing tenants and other low-income citizens, as well as lawyers, professors, social workers and others involved in voluntary service associations, private welfare agencies, and social work education.

Reports by the National Council of Welfare deal with a wide range of issues on poverty and social policy in Canada, including: income security programs, medicare, poverty lines and poverty statistics, pension reform, the aged, taxation, the working poor, children in poverty, community economic development, women and poverty, employment policy, single-parent families, social services, nutrition, community organizing, child welfare, poor people's groups, legal aid/legal services, low-income consumers, and poverty coverage in the press.

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1987 poverty lines

estimates by the
national council of welfare

march 1987



Canada

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March 1987

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Author: Ken Battle

Defining Poverty

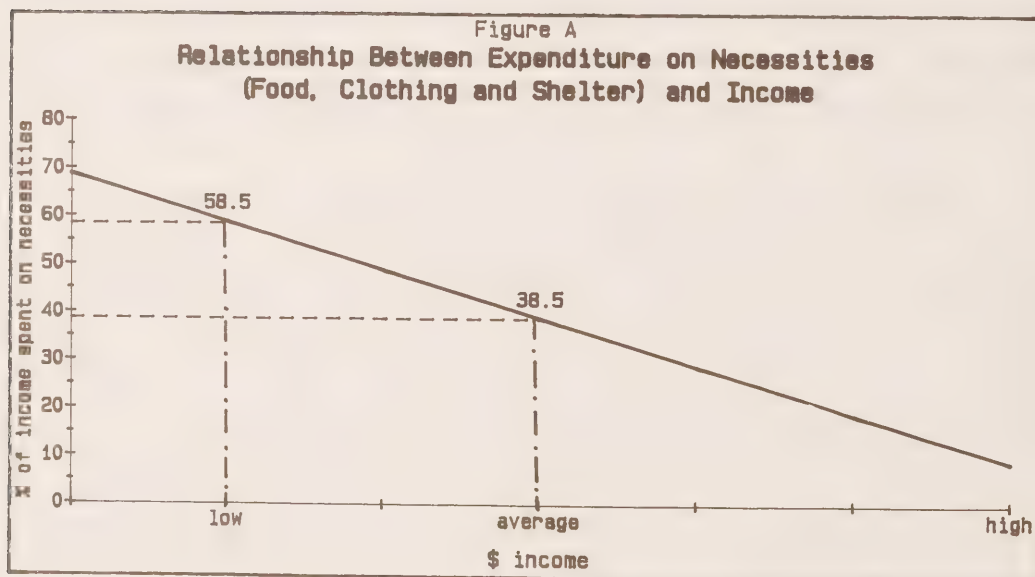
The most widely used Canadian poverty lines are the "low income cut-offs" which Statistics Canada employs to produce data on the low-income population. Though Statistics Canada does not regard its low income cut-offs as official lines, the National Council of Welfare follows common practice in using them as poverty lines. We use the terms 'poverty line' and 'low income line' interchangeably.

The 1978 Survey of Family Expenditure found that Canadian families spend on average 38.5 percent of their income on food, clothing and shelter. Since poor families devote an above-average proportion of their limited income to basic necessities,¹ the low income cut-offs are set at levels where, on average, 58.5 percent of income (20 percentage points above the average) goes to the essentials of life.² Any family or single person with an income at or below the relevant poverty line is defined as low-income. (Since the 1982 Survey of Family Expenditure found little significant change in these proportions, Statistics Canada has continued to base its low income cut-offs on the 58.5 percent criterion).

Income is defined as money income received by all family members 15 years and older from the following sources: wages and salaries (before deductions for taxes, pensions, etc.), net income from self-employment, investment income (interest, dividends, rental income, etc.), government transfer payments (e.g., Family Allowances, the Child Tax Credit, Old Age Security, refundable provincial tax credits), pensions (e.g., retirement pensions, annuities and superannuation) and miscellaneous income (e.g., scholarships, alimony).³ Thus the poverty lines are based on **gross** rather than net (after-tax) income.

The definition of income excludes the following: gambling wins and losses, capital gains or losses, lump-sum inheritances, receipts from the sale of property or personal belongings, income tax refunds, loans received or repaid, lump-sum settlements of insurance policies and income in kind (e.g., food and fuel produced on one's own farm).

Figure A is a symbolic representation of how the poverty lines are determined.⁴ The slanted line links expenditure on necessities with level of income: the higher the income, the lower the proportion devoted to necessities, for the simple reason that there is more money available to cover the cost of food, clothing and shelter. In fact higher-income Canadians spend more in absolute terms on necessities even though that expenditure is low in relative (percentage) terms.



The average family spends 38.5 percent of its income on necessities. To establish the low income cut-offs, Statistics Canada in effect finds the point on the slanted line where 58.5 percent (38.5 plus 20) of income goes to food, clothing and shelter and then drops a vertical line down to the income axis (the straight line at the bottom of the graph) to find the level of income that corresponds to the 58.5 percent expenditure. That level of income is termed the "low income cut-off" (or "poverty line", in everyday speech).

A Set of Poverty Lines

There is no single poverty line for all of Canada. To take into account two factors which affect living costs, Statistics Canada varies its low income cut-offs according to the size of the family and of the place of residence.

There are seven categories of family size ranging from one person to seven or more persons. Communities are divided into five groups according to population: metropolitan areas with half a million or more residents (Vancouver, Edmonton, Calgary, Winnipeg, Hamilton, Toronto, Ottawa, Montreal and Quebec City), large cities (100,000 to 499,999), medium-sized cities (30,000 to 99,999), smaller centers (cities of 15,000 to 30,000 and small urban areas under 15,000) and rural areas (both farm and non-farm).⁵ The result is a set of 35 poverty lines as listed in Table 1 on page 9.

The low-income lines shown in the first three columns of Table 1 apply to more than half of the population: six in ten Canadians live in cities of 30,000 or more. Of these, 41.2 percent are in metropolitan centers (500,000 or more), 10.5 percent in large cities

(100,000 to 499,999) and 8.2 percent in medium-sized cities (30,000 to 99,999). Of the remainder, 15.8 percent are in cities and towns with less than 30,000 residents and 24.3 percent live in rural areas.⁶

Estimating the Poverty Lines

Statistics Canada's low income cut-offs are updated each year according to the change in the cost of living as measured by the Consumer Price Index. The figures in Table 1 were calculated by the National Council of Welfare on the basis of a projected inflation rate of **four** percent for 1987.

If the average Consumer Price Index for 1987 turns out to be more than four percent higher than 1986, then the actual 1987 poverty lines will be higher than our estimates. Conversely, a 1987 inflation rate below four percent will produce final poverty lines that are lower than those shown in Table 1. Previous National Council of Welfare estimates have proved very close to the actual poverty lines; our 1986 estimates were less than one percent off the final figures.

Table 2 on page 10 gives the low income cut-offs for 1980 through 1986.

The Poverty Lines in Context

In response to those who believe Statistics Canada's low-income lines are too high, it is worth pointing out that alternate measures produce higher poverty lines. The Canadian Council on Social Development, which sets its poverty line at one-half of average family income, published

a set of poverty lines for 1984 that for the most part exceeded Statistics Canada's low income cut-offs (the latter were higher only for single persons living in cities with 100,000 or more residents). Our estimates indicate that the situation is the same in 1987.⁷

A national survey by Health and Welfare Canada found that aged Canadians reported an average after-tax income of \$10,600 as necessary "to cover essential needs" in 1981 - substantially **higher** than the Statistics Canada low income lines for one person, which in 1981 ranged from \$5,949 for rural areas to \$8,045 for the largest cities.⁸ This finding is significant in two ways. First, it shows what a sizeable segment of the population itself regards as a minimally adequate income, as opposed to a poverty line determined according to a formula. Moreover the survey indicates that, at least in the eyes of elderly Canadians, the Statistics Canada low income lines are anything but generous.

Even more telling are results from a Gallup poll taken in March of 1986 which asked respondents what they consider "the least amount of money a family of four - husband, wife and two children - needs each week to get along". The average amount was \$400 a week. The average weekly poverty level for a family of four was \$367 in 1986 - **less** than the Gallup result.⁹

In any event, the debate over what is the 'right' poverty line and the 'real' number of poor people contributes little if anything to an understanding of the economic situation of low-income Canadians. Poverty lines only establish the upper limit of the low-income population. Most poor Canadians live on incomes that are hundreds and more often thousands of dollars under the poverty line. Few people would regard these incomes as adequate by any standard.

Take, as an illustration, a single mother on welfare who supports one child aged four and lives in the largest city in her province. Her family's total income from provincial social assistance and refundable tax credits and federal family allowances and the child tax credit ranged from 63 percent to 85 percent of the poverty line in 1986, depending on her province of residence. If she lives in Toronto, her income in 1986 was about \$10,230, which represents just 62 percent of the amount the Social Planning Council of Metropolitan Toronto considers necessary for her family to maintain "an adequate but modest" standard of living.¹⁰

The adult minimum wage ranges from \$3.65 an hour in British Columbia to \$5.00 an hour in the Northwest Territories. (A typical rate is \$4.00 an hour, payable in Newfoundland, Prince Edward Island, Nova Scotia, New Brunswick and in industries within federal jurisdiction). A worker in Nova Scotia paid the provincial minimum wage (\$4.00 an hour) will earn \$8,320 in 1987 from a full-time year-round job. For all but rural parts of the province, this wage is below the poverty line, which ranges from \$10,522 for Halifax to \$8,193 for rural communities. After paying federal and provincial income taxes, Canada Pension Plan contributions and unemployment insurance premiums, the minimum wage worker would take home only \$7,426.¹²

An estimated 3,951,000 Canadians - one in six - lived on low incomes in 1985, the most recent year for which data is available. This figure represents a substantial increase of 476,000 men, women and children over 1980. There are 908,000 families and 1,009,000 unattached individuals with incomes below the poverty line. Over a million children under 16 - 1,126,000 or one in five - are in low-income families.¹²

Unattached elderly Canadians (i.e., the aged who live alone or in a household where they are not related to other members) run a very high risk of poverty. Almost half (46.8 percent or 356,000 women and men) were

poor at last count. Six in every ten women under age 65 who are single parents raise their children on an income below the poverty line.¹³

Poor Canadians have incomes substantially below average. The poverty line for a family of four is less than half of the average income for a family of four.¹⁴ The low income line for one person living in a metropolitan area is 47 percent of the average wage.¹⁵ Keep in mind that most poor people have incomes that are significantly less than the poverty line, so that the income gap between them and the average Canadian is even wider.

Figure B on page 8 compares Statistics Canada's 1985 low income cut-off for four-person families in metropolitan areas with three other measures - the Canadian Council on Social Development's poverty line, the Social Planning Council of Metropolitan Toronto's "adequate but modest" budget guideline for a Toronto couple with two children aged eight and thirteen, and the average income for a Canadian family of four in 1985.¹⁶ The Statistics Canada line is lower than the other income standards.

Figure C contrasts the Statistics Canada low income line for metropolitan centers with the average income in 1985 for single Canadians and families of different sizes.¹⁷ The poverty line is much lower than average incomes, especially for families.

Poverty Statistics

Statistics Canada's low income cut-offs are used to produce annual data on the size and characteristics of Canada's low-income population. The most recent statistics, for 1985, are analyzed in the National Council of Welfare's report **Progress Against Poverty.**

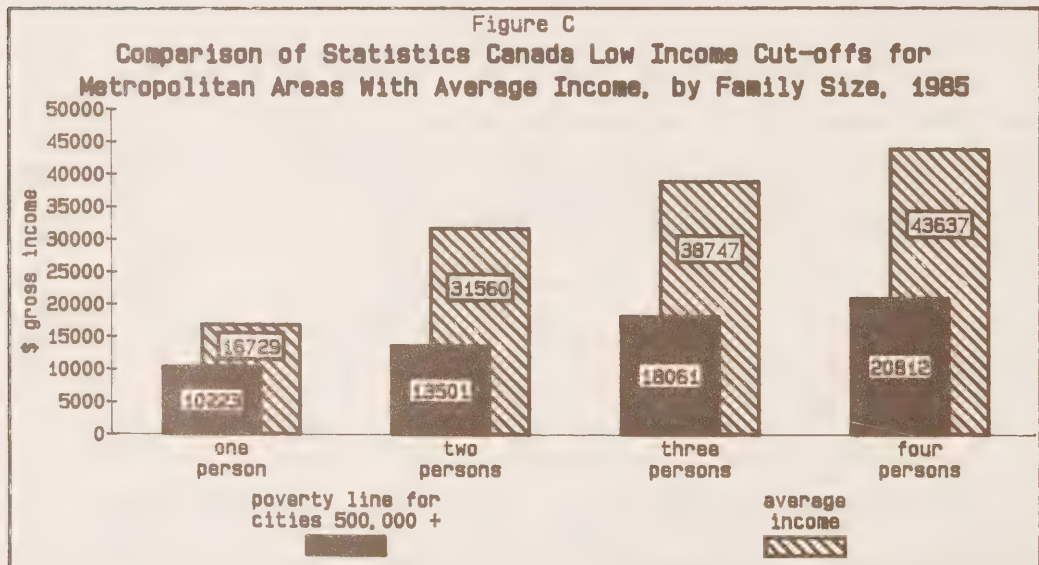
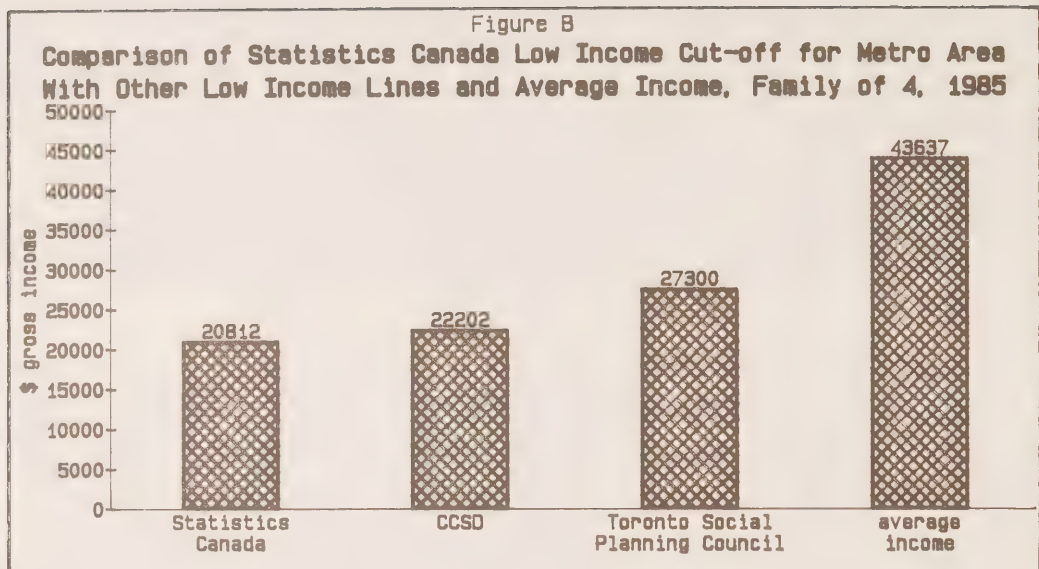


TABLE 1

**NATIONAL COUNCIL OF WELFARE ESTIMATES
OF LOW INCOME LINES FOR 1987¹⁸**

	Population of Area of Residence				Rural
	500,000 and over	100,000 - 499,999	30,000 - 99,999	Less than 30,000	
Family Size					
1	\$11,079	\$10,522	\$ 9,870	\$ 9,126	\$ 8,193
2	14,617	13,874	12,944	12,010	10,708
3	19,554	18,529	17,318	16,110	14,338
4	22,532	21,414	20,018	18,621	16,575
5	26,256	24,861	23,185	21,601	19,274
6	28,677	27,094	25,326	23,556	21,042
7 or more	31,564	29,887	27,933	25,977	23,185

Table 2

STATISTICS CANADA REVISED
LOW INCOME CUT-OFFS, 1980 TO 1986¹⁸

Family Size	<u>Population of Area of Residence</u>				
	<u>500,000 and over</u>	<u>100,000 - 499,999</u>	<u>30,000 - 99,999</u>	<u>Less than 30,000</u>	<u>Rural</u>
	<u>1980</u>				
1	\$ 7,152	\$ 6,792	\$ 6,371	\$ 5,890	\$ 5,289
2	9,436	8,955	8,355	7,753	6,912
3	12,622	11,961	11,179	10,398	9,256
4	14,545	13,823	12,922	12,020	10,699
5	16,949	16,047	14,966	13,943	12,441
6	18,511	17,490	16,348	15,206	13,583
7 or more	20,375	19,293	18,031	16,769	14,966
	<u>1981</u>				
1	\$ 8,045	\$ 7,640	\$ 7,167	\$ 6,626	\$ 5,949
2	10,614	10,073	9,398	8,721	7,775
3	14,198	13,455	12,575	11,697	10,412
4	16,361	15,549	14,536	13,521	12,035
5	19,066	18,051	16,835	15,684	13,995
6	20,823	19,674	18,390	17,105	15,279
7 or more	22,919	21,702	20,283	18,863	16,835
	<u>1982</u>				
1	\$ 8,914	\$ 8,466	\$ 7,941	\$ 7,342	\$ 6,592
2	11,761	11,162	10,414	9,663	8,615
3	15,732	14,909	13,934	12,961	11,537
4	18,129	17,229	16,107	14,982	13,336
5	21,126	20,002	18,654	17,379	15,507
6	23,073	21,800	20,377	18,953	16,930
7 or more	25,396	24,047	22,475	20,901	18,654

Table 2 (Cont'd)

Population of Area of Residence

	<u>500,000 and over</u>	<u>100,000 - 499,999</u>	<u>30,000 - 99,999</u>	<u>Less than 30,000</u>	<u>Rural</u>
<u>Family Size</u>			<u>1983</u>		
1	\$ 9,429	\$ 8,955	\$ 8,400	\$ 7,766	\$ 6,973
2	12,440	11,807	11,016	10,221	9,113
3	16,641	15,770	14,739	13,710	12,203
4	19,176	18,224	17,037	15,847	14,106
5	22,346	21,157	19,731	18,383	16,403
6	24,406	23,059	21,554	20,048	17,908
7 or more	26,863	25,436	23,773	22,108	19,731
			<u>1984</u>		
1	\$ 9,839	\$ 9,345	\$ 8,766	\$ 8,104	\$ 7,276
2	12,981	12,321	11,495	10,666	9,510
3	17,365	16,456	15,380	14,307	12,734
4	20,010	19,017	17,778	16,537	14,720
5	23,318	22,078	20,590	19,183	17,117
6	25,468	24,062	22,492	20,920	18,687
7 or more	28,032	26,543	24,807	23,070	20,590
			<u>1985</u>		
1	\$10,233	\$ 9,719	\$ 9,117	\$ 8,429	\$ 7,568
2	13,501	12,815	11,956	11,093	9,891
3	18,061	17,115	15,996	14,880	13,244
4	20,812	19,779	18,490	17,200	15,310
5	24,252	22,963	21,415	19,952	17,803
6	26,488	25,026	23,393	21,758	19,436
7 or more	29,155	27,606	25,801	23,994	21,415
			<u>1986</u>		
1	\$10,653	\$10,117	\$ 9,491	\$ 8,775	\$ 7,878
2	14,055	13,340	12,446	11,548	10,297
3	18,802	17,817	16,652	15,490	13,787
4	21,665	20,590	19,248	17,905	15,938
5	25,246	23,904	22,293	20,770	18,533
6	27,574	26,052	24,352	22,650	20,233
7 or more	30,350	28,738	26,859	24,978	22,293

FOOTNOTES

1. Families and unattached individuals (the latter means persons living alone or in a household where they are not related to the other members) in the lowest income quintile (i.e., the bottom 20 percent of the income ladder) devoted 57.5 percent of their income to food, clothing and shelter in 1982, the most recent year for which data is available. Those in the next-to-the lowest quintile spent on average 45.6 percent of their income on food, clothing and shelter. For each higher quintile, the proportion of income spent on necessities was lower; family units in the highest 20 percent devoted only 33 percent of their income to food, clothing and shelter. These calculations are based on expenditure data presented in Statistics Canada's Family Expenditure in Canada, 1982 (Ottawa: Minister of Supply and Services Canada, 1984), Table 31.
2. See Statistics Canada, "Revision of Low Income Cut-offs", Income Distributions by Size in Canada, 1980 (Ottawa: Minister of Supply and Services Canada, 1982), pp. 120-128.
3. Statistics Canada. Income Distributions by Size in Canada: Preliminary Estimates, 1985 (Ottawa: Minister of Supply and Services Canada, 1986), p. 15.
4. This graph is **not** intended to be a precise depiction of the actual curve linking expenditure on necessities to income. For more information on this subject, see Statistics Canada's Rebasing Low Income Cut-offs to 1978 (Ottawa: Minister of Supply and Services Canada, 1983).
5. Census metropolitan area estimates for June 1, 1985 were obtained from Statistics Canada.
6. Statistics Canada. 1981 Census of Canada Vol. 1 - Population: Age, Sex, and Marital Status (Ottawa: Minister of Supply and Services Canada, 1982), Table 6.
7. The Canadian Council on Social Development sets its poverty line for a family of three at one-half of average family income. Its poverty lines for families of different sizes are established by applying a weighting system in which a family unit of one person gets three points; a family of two, five points; a family of three, six points; a family of four, seven points; a family of five, eight points; and each larger size family an additional point. Unlike Statistics Canada's low income cut-offs, the CCSD poverty lines are not adjusted according to size of place of residence because the CCSD holds that living costs vary neither significantly nor systematically by community size.

The CCSD estimated its 1984 poverty lines as follows: \$9,056 for one person; \$15,094 for a family of two; \$18,113 for three; \$21,131 for four; \$24,150 for five; and \$27,169 for a family of six. Table 2 in our paper shows that Statistics Canada's 1984 low income cut-offs for one person were \$9,839 for a metropolitan area and \$9,345 for a city of 100,000 to 499,999, but they were lower than the CCSD line in the case of smaller communities (the CCSD line was \$9,056; the Statistics Canada 1984 lines were \$8,766 for communities of 30,000 to 99,999, \$8,104 for urban centers under 30,000 and \$7,276 for rural areas). The CCSD lines for families of two and larger exceed the Statistics Canada lines for all community sizes. See Not Enough: The Meaning and Measurement of Poverty in Canada (Ottawa: Canadian Council on Social Development, 1984), pp. 42 and 69.

Our own (unofficial) estimates of the CCSD poverty lines for 1987 are as follows: \$10,250 for one person; \$17,083 for two; \$20,500 for three; \$23,917 for four; \$27,333 for five; \$30,750 for a family of six. The estimated CCSD line for one person is lower than the estimated Statistics Canada low income cut-offs for metropolitan areas (\$11,079) and cities of 100,000 to 499,999 (\$10,522) only while the estimated CCSD lines for all other sizes of family and community are higher. The interested reader should contact the Canadian Council on Social Development for more information on its poverty lines.

8. Income Security Programs Branch. Survey of Old Age Security and Canada Pension Plan Retirement Benefit Recipients, July 1981 (Ottawa: Health and Welfare Canada, 1983), Summary. This survey found that respondents reported an average of \$10,622 as an adequate income for 1981, where adequate was defined as "income (after taxes) necessary to cover essential needs".
9. Gallup results as reported in "Family of Four Needs \$400 a Week, Most Say", Montreal Gazette, May 5, 1986. Fifty-five percent of respondents said that a family of four needs a minimum weekly income of \$400 or over; 62 percent of respondents living in cities of 100,000 or more set the minimum amount at \$400 or more. The \$367 figure is the average of the poverty lines for a family of four living for the five different sized communities, ranging from metropolitan centers of 500,000 and above to rural areas. If we look only at the average poverty line for cities 100,000 or more, the figure for 1986 - \$407 - is virtually the same as the Gallup average.
10. Welfare income calculations are by the National Council of Welfare. The Social Planning Council of Metropolitan Toronto suggests that a mother with one child aged four needed \$15,302 in 1984 for an adequate standard of living. Since 1985 figures were not available as we went to press, we have indexed this figure by inflation to arrive at an estimate of \$16,566 for 1986. The Social Planning Council's standards of adequacy are determined by committees of persons knowledgeable

about the costs of food, clothing, shelter, health and personal care, transportation, household maintenance and other expenditures required to maintain an adequate living standard in Toronto.

11. Gross earnings are calculated on the basis of 40 hours a week, 52 weeks a year. Net income is gross earnings plus federal sales tax credit less Canada Pension Plan contributions, unemployment insurance premiums, and federal and provincial income tax. Minimum wage rates are as follows: federal, \$4.00 an hour; Yukon, \$4.25; Northwest Territories, \$5.00; British Columbia, \$3.65; Alberta, \$3.80; Saskatchewan, \$4.50; Manitoba, \$4.30; Ontario, \$4.35; Quebec, \$4.35; New Brunswick, \$4.00; Nova Scotia, \$4.00; Prince Edward Island, \$4.00; Newfoundland, \$4.00.
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13. All data in the paragraph are from the Statistics Canada report cited in the previous footnote.
14. The poverty line for a family of four living in a metropolitan center was \$20,812 in 1985, which represents 47.7 percent of the 1985 average income of \$43,637 for a family of four. For a family of four living in a city with 100,000 to 499,999 residents, the 1985 poverty line was \$19,779 or 45.3 percent of the average income for a four-person family.
15. The poverty line for one person living in a metropolitan center was \$10,233 in 1985, which represents 46.9 percent of the average industrial aggregate wage for 1985 (\$21,802).
16. The average income is for Canadian families of four. The average income for Toronto families of four, which is not available, would be higher. The CCSD poverty lines were calculated by the National Council of Welfare.
17. Average incomes are for Canada; figures for metropolitan centers, which are not available, would be higher.
18. These are technically known as the "low income cut-offs (1978) base". The "1978" refers to the Family Expenditure Survey data on which the cut-offs are based. Table 2 also presents low income cut-offs (1978) base.

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The National Council of Welfare was established by the Government Organization Act, 1969 as a citizens' advisory body to the Minister of National Health and Welfare. Its mandate is to advise the Minister on matters pertaining to welfare.

The Council consists of 21 members, drawn from across Canada and appointed by the Governor-in-Council. All are private citizens and serve in their personal capacities rather than as representatives of organizations or agencies. The membership of the Council has included past and present welfare recipients, public housing tenants and other low-income citizens, as well as lawyers, professors, social workers and others involved in voluntary service associations, private welfare agencies, and social work education.

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Author: Ken Battle

Defining Poverty

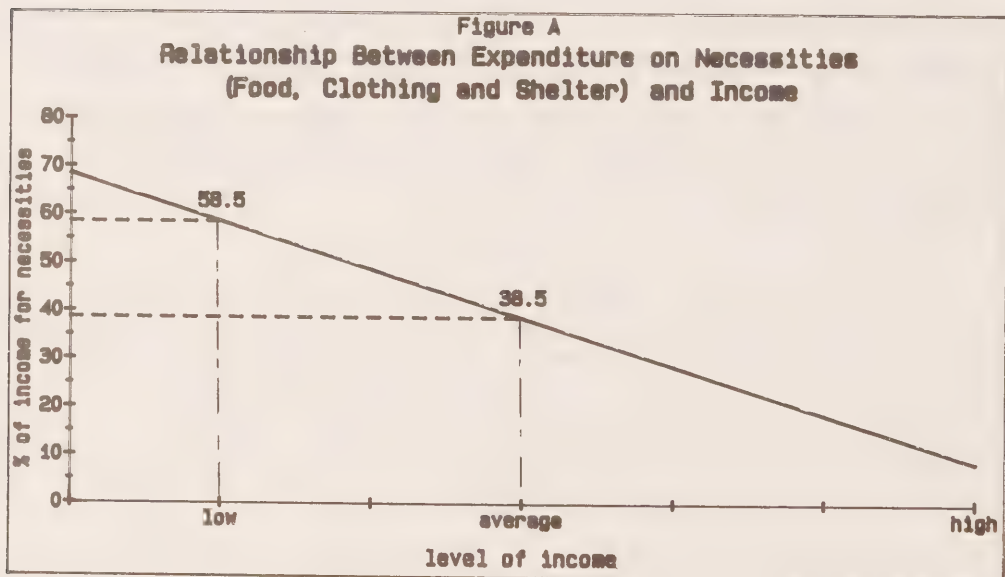
The most widely used Canadian poverty lines are the "low income cut-offs" which Statistics Canada employs to produce data on the low-income population. Though Statistics Canada does not regard its low income cut-offs as official lines, the National Council of Welfare follows common practice in using them as poverty lines. We use the terms "poverty line" and "low income line" interchangeably.

The 1978 Survey of Family Expenditure found that Canadian families spend on average 38.5 percent of their income on food, clothing and shelter. Since poor families devote an above-average proportion of their limited income to basic necessities,¹ the low income cut-offs are set at levels where, on average, 58.5 percent of income (20 percentage points above the average) goes to the essentials of life.² Any family or single person with an income at or below the relevant poverty line is defined as low-income. (Since the 1982 Survey of Family Expenditure found little significant change in these proportions, Statistics Canada has continued to base its low income cut-offs on the 58.5 percent criterion).

Income is defined as money income received by all family members 15 years and older from the following sources: wages and salaries (before deductions for taxes, unemployment insurance, pensions, etc.), net income from self-employment, investment income (interest, dividends, rental income, etc.), government transfer payments (e.g., Family Allowances, the Child Tax Credit, Old Age Security, refundable provincial tax credits), pensions (e.g., retirement pensions, annuities and superannuation) and miscellaneous income (e.g., scholarships, alimony).³ Thus the poverty lines are based on **gross** rather than net (after-tax) income.

The definition of income excludes the following: gambling wins and losses, capital gains or losses, lump-sum inheritances, receipts from the sale of property or personal belongings, income tax refunds, loans received or repaid, lump-sum settlements of insurance policies and income in kind (e.g., food and fuel produced on one's own farm).

Figure A is a symbolic representation of how the poverty lines are determined.⁴ The slanted line links expenditure on necessities with level of income: the higher the income, the lower the proportion devoted to necessities, for the simple reason that there is more money available to cover the cost of food, clothing and shelter. In fact higher-income Canadians spend more in absolute terms on necessities even though that expenditure is low in relative (percentage) terms.



The average family spends 38.5 percent of its income on necessities. To establish the low income cut-offs, Statistics Canada in effect finds the point on the slanted line where 58.5 percent (38.5 plus 20) of income goes to food, clothing and shelter and then drops a vertical line down to the income axis (the straight line at the bottom of the graph) to find the level of income that corresponds to the 58.5 percent expenditure. That level of income is termed the "low income cut-off" (or "poverty line", in everyday speech).

A Set of Poverty Lines

There is no single poverty line for all of Canada. To take into account two factors which affect living costs, Statistics Canada varies its low income cut-offs according to the size of the family and the place of residence.

There are seven categories of family size ranging from one person to seven or more persons. Communities are divided into five groups according to population: metropolitan areas with half a million or more residents (Vancouver, Edmonton, Calgary, Winnipeg, Hamilton, Toronto, Ottawa, Montreal and Quebec City), large cities (100,000 to 499,999), medium-sized cities (30,000 to 99,999), smaller centers (cities of 15,000 to 30,000 and small urban areas under 15,000) and rural areas (both farm and non-farm). The result is a set of 35 poverty lines as listed in Table 1 on page 9.

The low-income lines shown in the first three columns of Table 1 apply to more than half of the population: six in ten Canadians live in cities of 30,000 or more. Of these, 41.2 percent are in metropolitan centers (500,000 or more), 10.5 percent in large cities

(100,000 to 499,999) and 8.2 percent in medium-sized cities (30,000 to 99,999). Of the remainder, 15.8 percent are in cities and towns with less than 30,000 residents and 24.3 percent live in rural areas.⁵

Estimating the Poverty Lines

Statistics Canada's low income cut-offs are updated each year according to the change in the cost of living as measured by the Consumer Price Index. The figures in Table 1 were calculated by the National Council of Welfare on the basis of a projected inflation rate of **four percent** for 1988.

If the average Consumer Price Index for 1988 turns out to be more than four percent higher than 1987, then the actual 1988 poverty lines will be higher than our estimates. Conversely, a 1988 inflation rate below four percent will produce final poverty lines that are lower than those shown in Table 1. Previous National Council of Welfare estimates have proved very close to the actual poverty lines; our 1987 estimates were less than one-half of one percent off the final figures.

Table 2 on page 10 gives the low income cut-offs for 1980 through 1987.

The Poverty Lines in Context

In response to those who believe Statistics Canada's low-income lines are too high, it is worth pointing out that alternate measures produce higher poverty lines. The Canadian Council on Social Development, which sets its poverty line at one-half of average family

income, published a set of poverty lines for 1984 that for the most part exceeded Statistics Canada's low income cut-offs (the latter were higher only for single persons living in cities with 100,000 or more residents). Our estimates indicate that the situation is the same in 1988.⁶

A national survey by Health and Welfare Canada found that aged Canadians reported an average after-tax income of \$10,600 as necessary "to cover essential needs" in 1981 - substantially **higher** than the Statistics Canada low income lines for one person, which in 1981 ranged from \$5,949 for rural areas to \$8,045 for the largest cities.⁷ This finding is significant in two ways. First, it shows what a sizeable segment of the population itself regards as a minimally adequate income, as opposed to a poverty line determined according to a formula. Moreover the survey indicates that, at least in the eyes of elderly Canadians, the Statistics Canada low income lines are anything but generous.

Even more telling are results from a Gallup poll taken in March of 1987 which asked respondents what they consider "the least amount of money a family of four - husband, wife and two children - needs each week to get along". The average amount was \$407 a week. The average weekly poverty level for a family of four was \$383 in 1987 - **less** than the Gallup result.⁸

In any event, the debate over what is the 'right' poverty line and the 'real' number of poor people contributes little if anything to an understanding of the economic situation of low-income Canadians. Poverty lines only establish the upper limit of the low-income population. Most poor Canadians live on incomes that are hundreds and more often thousands of dollars under the poverty line. Few people would regard these incomes as adequate by any standard.

Take, as an illustration, a single mother on welfare who supports one child aged two and lives in the largest city in her province. Her family's total income from provincial social assistance and refundable tax credits and federal family allowances and the child tax credit ranged from 59 percent to 84 percent of the poverty line in 1986, depending on her province of residence. If she lives in Toronto, her income in 1986 was about \$10,250, which represents just 59 percent of the amount the Social Planning Council of Metropolitan Toronto considers necessary for her family to maintain "an adequate but modest" standard of living.⁹

The adult minimum wage ranges from \$3.80 an hour in British Columbia to \$5.00 an hour in the Northwest Territories. (A typical rate is \$4.00 an hour, payable in Newfoundland, Prince Edward Island, Nova Scotia, New Brunswick, British Columbia and in industries within federal jurisdiction). A worker in Nova Scotia paid the provincial minimum wage (\$4.00 an hour) will earn \$8,320 in 1988 from a full-time year-round job. This wage is below the poverty line, which ranges from \$10,984 for Halifax to \$8,553 for rural communities. After paying federal and provincial income taxes, Canada Pension Plan contributions and unemployment insurance premiums, the minimum wage worker would take home only \$7,506, which is only 68 percent of the poverty line for Halifax.¹⁰

By conservative estimate 3,689,000 Canadians - one in seven - lived on low incomes in 1986, the most recent year for which data is available. The provincial poverty rate ranged widely from 10.8 percent in well-off Ontario to 22.8 percent in economically disadvantaged Newfoundland. There are 851,000 families and 982,000 unattached individuals with incomes below the poverty line. Over a million children under 16 - 1,016,000 or one in six - are in low-income families.¹¹

Unattached elderly Canadians (i.e., the aged who live alone or in a household where they are not related to other members) run a very high risk of poverty: 42.7 percent or 336,000 were poor at last count. The poverty rate is even higher (46.1 percent) for unattached elderly women. Over half (56.0 percent) of sole-support mothers raise their children on an income below the poverty line.¹²

Poor Canadians have incomes substantially below average. The poverty line for a family of four is less than half of the average income for a family of four.¹³ The low income line for one person living in a metropolitan area is 48 percent of the average wage.¹⁴ Keep in mind that most poor people have incomes that are significantly less than the poverty line, so that the income gap between them and the average Canadian is even wider.

Figure B on page 8 compares Statistics Canada's 1986 low income cut-off for four-person families in metropolitan areas with three other measures - the Canadian Council on Social Development's poverty line, the Social Planning Council of Metropolitan Toronto's "adequate but modest" budget guideline for a Toronto couple with two children aged eight and thirteen, and the average income for a Canadian family of four in 1986.¹⁵ The Statistics Canada line is lower than the other income standards.

Figure C contrasts the Statistics Canada low income line for metropolitan centers with the average income in 1986 for single Canadians and families of different sizes.¹⁶ The poverty line is much lower than average incomes, especially for families.

Poverty Statistics

Statistics Canada's low income cut-offs are used to produce annual data on the size and characteristics of Canada's low-income population. The most recent statistics, for 1986, are analyzed in the National Council of Welfare's report Poverty Profile 1988.

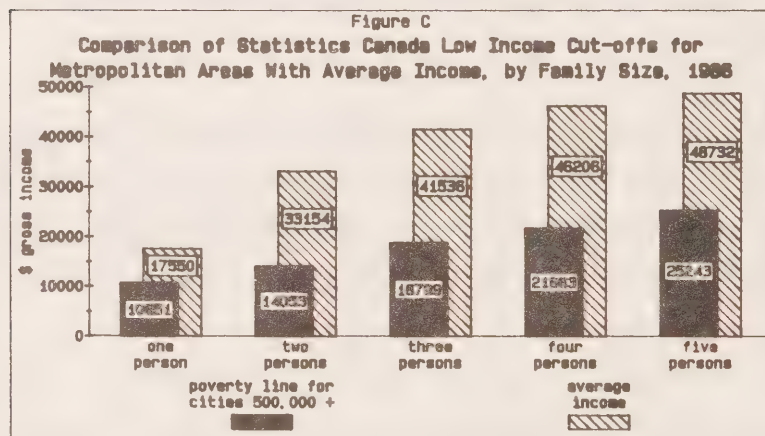
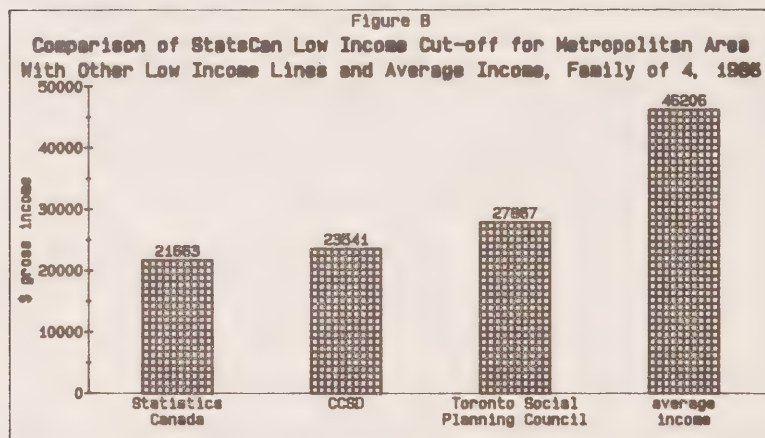


TABLE 1

NATIONAL COUNCIL OF WELFARE ESTIMATES
OF LOW INCOME LINES FOR 1988¹⁷

	Population of Area of Residence					Rural
	500,000 and over	100,000 - 499,999	30,000 - 99,999	Less than 30,000		
Family Size						
1	\$11,564	\$10,984	\$10,304	\$ 9,526	\$ 8,553	
2	15,258	14,483	13,512	12,536	11,178	
3	20,411	19,343	18,078	16,816	14,967	
4	23,521	22,354	20,897	19,438	17,303	
5	27,408	25,952	24,202	22,549	20,120	
6	29,935	28,283	26,437	24,589	21,966	
7 or more	32,950	31,199	29,159	27,117	24,202	

Table 2

STATISTICS CANADA REVISED
LOW INCOME CUT-OFFS, 1980 TO 1987¹⁷

Population of Area of Residence

	<u>500,000 and over</u>	<u>100,000 - 499,999</u>	<u>30,000 - 99,999</u>	<u>Less than 30,000</u>	<u>Rural</u>
<u>Family Size</u>			<u>1980</u>		
1	\$ 7,152	\$ 6,792	\$ 6,371	\$ 5,890	\$ 5,289
2	9,436	8,955	8,355	7,753	6,912
3	12,622	11,961	11,179	10,398	9,256
4	14,545	13,823	12,922	12,020	10,699
5	16,949	16,047	14,966	13,943	12,441
6	18,511	17,490	16,348	15,206	13,583
7 or more	20,375	19,293	18,031	16,769	14,966
			<u>1981</u>		
1	\$ 8,045	\$ 7,640	\$ 7,167	\$ 6,626	\$ 5,949
2	10,614	10,073	9,398	8,721	7,775
3	14,198	13,455	12,575	11,697	10,412
4	16,361	15,549	14,536	13,521	12,035
5	19,066	18,051	16,835	15,684	13,995
6	20,823	19,674	18,390	17,105	15,279
7 or more	22,919	21,702	20,283	18,863	16,835
			<u>1982</u>		
1	\$ 8,914	\$ 8,466	\$ 7,941	\$ 7,342	\$ 6,592
2	11,761	11,162	10,414	9,663	8,615
3	15,732	14,909	13,934	12,961	11,537
4	18,129	17,229	16,107	14,982	13,336
5	21,126	20,002	18,654	17,379	15,507
6	23,073	21,800	20,377	18,953	16,930
7 or more	25,396	24,047	22,475	20,901	18,654

Table 2 (Cont'd)

Population of Area of Residence

	<u>500,000 and over</u>	<u>100,000 - 499,999</u>	<u>30,000 - 99,999</u>	<u>Less than 30,000</u>	<u>Rural</u>
<u>Family Size</u>					
			<u>1983</u>		
1	\$ 9,429	\$ 8,955	\$ 8,400	\$ 7,766	\$ 6,973
2	12,440	11,807	11,016	10,221	9,113
3	16,641	15,770	14,739	13,710	12,203
4	19,176	18,224	17,037	15,847	14,106
5	22,346	21,157	19,731	18,383	16,403
6	24,406	23,059	21,554	20,048	17,908
7 or more	26,863	25,436	23,773	22,108	19,731
			<u>1984</u>		
1	\$ 9,839	\$ 9,345	\$ 8,766	\$ 8,104	\$ 7,276
2	12,981	12,321	11,495	10,666	9,510
3	17,365	16,456	15,380	14,307	12,734
4	20,010	19,017	17,778	16,537	14,720
5	23,318	22,078	20,590	19,183	17,117
6	25,468	24,062	22,492	20,920	18,687
7 or more	28,032	26,543	24,807	23,070	20,590
			<u>1985</u>		
1	\$10,233	\$ 9,719	\$ 9,117	\$ 8,429	\$ 7,568
2	13,501	12,815	11,956	11,093	9,891
3	18,061	17,115	15,996	14,880	13,244
4	20,812	19,779	18,490	17,200	15,310
5	24,252	22,963	21,415	19,952	17,803
6	26,488	25,026	23,393	21,758	19,436
7 or more	29,155	27,606	25,801	23,994	21,415
			<u>1986</u>		
1	\$10,651	\$10,116	\$ 9,490	\$ 8,774	\$ 7,877
2	14,053	13,339	12,445	11,546	10,295
3	18,799	17,815	16,650	15,488	13,785
4	21,663	20,588	19,246	17,903	15,936
5	25,243	23,902	22,290	20,768	18,531
6	27,571	26,049	24,349	22,647	20,231
7 or more	30,347	28,735	26,856	24,975	22,290

Table 2 (Cont'd)

Population of Area of Residence

	<u>500,000 and over</u>	<u>100,000 - 499,999</u>	<u>30,000 - 99,999</u>	<u>Less than 30,000</u>	<u>Rural</u>
<u>Family Size</u>	<u>1987</u>				
1	\$11,120	\$10,561	\$ 9,908	\$ 9,160	\$ 8,224
2	14,671	13,926	12,993	12,054	10,748
3	19,626	18,599	17,383	16,169	14,392
4	22,616	21,494	20,093	18,691	16,637
5	26,354	24,954	23,271	21,682	19,346
6	28,784	27,195	25,420	23,643	21,121
7 or more	31,682	29,999	28,038	26,074	23,271

FOOTNOTES

1. Families and unattached individuals (the latter means persons living alone or in a household where they are not related to the other members) in the lowest income quintile (i.e., the bottom 20 percent of the income ladder) devoted 57.5 percent of their income to food, clothing and shelter in 1982, the most recent year for which data is available. Those in the next-to-the lowest quintile spent on average 45.6 percent of their income on food, clothing and shelter. For each higher quintile, the proportion of income spent on necessities was lower; family units in the highest 20 percent devoted only 33 percent of their income to food, clothing and shelter. These calculations are based on expenditure data presented in Statistics Canada's Family Expenditure in Canada, 1982 (Ottawa: Minister of Supply and Services Canada, 1984), Table 31.
2. See Statistics Canada, "Revision of Low Income Cut-offs", Income Distributions by Size in Canada, 1980 (Ottawa: Minister of Supply and Services Canada, 1982), pp. 120-128.
3. Statistics Canada. Income Distributions by Size in Canada, 1986 (Ottawa: Minister of Supply and Services Canada, 1987), pp. 29-31.
4. This graph is **not** intended to be a precise depiction of the actual curve linking expenditure on necessities to income. For more information on this subject, see Statistics Canada's Rebasing Low Income Cut-offs to 1978 (Ottawa: Minister of Supply and Services Canada, 1983).
5. Statistics Canada. 1981 Census of Canada Vol. 1 - Population: Age, Sex, and Marital Status (Ottawa: Minister of Supply and Services Canada, 1982), Table 6.
6. The Canadian Council on Social Development sets its poverty line for a family of three at one-half of average family income. Its poverty lines for families of different sizes are established by applying a weighting system in which a family unit of one person gets three points; a family of two, five points; a family of three, six points; a family of four, seven points; a family of five, eight points; and each larger size family an additional point. Unlike Statistics Canada's low income cut-offs, the CCSD poverty lines are not adjusted according to size of place of residence because the CCSD holds that living costs vary neither significantly nor systematically by community size.

The CCSD estimated its 1984 poverty lines as follows: \$9,056 for one person; \$15,094 for a family of two; \$18,113 for three; \$21,131 for four; \$24,150 for five; and \$27,169 for a family of six. Table 2 in our paper shows that Statistics Canada's 1984 low income cut-offs for one person were \$9,839 for a metropolitan area and \$9,345 for a city of 100,000 to 499,999, but they were lower than the CCSD line in the case of smaller communities (the CCSD line was \$9,056; the Statistics Canada 1984 lines were \$8,766 for communities of 30,000 to 99,999, \$8,104 for urban centers under 30,000 and \$7,276 for rural areas). The CCSD lines for families of two and larger exceed the Statistics Canada lines for all community sizes. See Not Enough: The Meaning and Measurement of Poverty in Canada (Ottawa: Canadian Council on Social Development, 1984), pp. 42 and 69.

Our own (unofficial) estimates of the CCSD poverty lines for 1988 are as follows: \$11,000 for one person; \$18,333 for two; \$22,000 for three; \$25,667 for four; \$29,333 for five; \$33,000 for a family of six. The estimated CCSD line for one person is lower than the estimated Statistics Canada low income cut-offs for metropolitan areas (\$11,564) only, while the estimated CCSD lines for all other sizes of family and community are higher. The interested reader should contact the Canadian Council on Social Development for more information on its poverty lines.

7. Income Security Programs Branch. Survey of Old Age Security and Canada Pension Plan Retirement Benefit Recipients, July 1981 (Ottawa: Health and Welfare Canada, 1983), Summary. This survey found that respondents reported an average of \$10,622 as an adequate income for 1981, where adequate was defined as "income (after taxes) necessary to cover essential needs".
8. Gallup results as reported in "Le minimum décent: \$407 par semaine", La Presse, April 19, 1987. The \$383 figure is the average of the poverty lines for a family of four living in the five different sized communities, ranging from metropolitan centers of 500,000 and above to rural areas. If we look only at the average poverty line for cities of 100,000 or more, the figure for 1987 - \$424 - is virtually the same as the Gallup average (\$421) for respondents living in cities of 100,000 or more.
9. Welfare income calculations are from the National Council of Welfare's report Welfare in Canada: the Tangled Safety Net. The Social Planning Council of Metropolitan Toronto suggests that a mother with one child aged three needed \$17,378 in 1986 for an adequate standard of living. The mother in question works in the home rather than in the paid labor force. The Social Planning Council's standards of adequacy are determined by committees of persons knowledgeable about the costs of food, clothing, shelter, health and personal care, transportation, household maintenance and other expenditures required to maintain an adequate living standard in Toronto.

10. Gross earnings are calculated on the basis of 40 hours a week, 52 weeks a year. Net income is gross earnings plus federal sales tax credit less Canada Pension Plan contributions, unemployment insurance premiums, and federal and provincial income tax. Minimum wage rates are as follows: federal, \$4.00 an hour; Yukon, \$4.25; Northwest Territories, \$5.00; British Columbia, \$4.00; Alberta, \$3.80; Saskatchewan, \$4.50; Manitoba, \$4.70; Ontario, \$4.55; Quebec, \$4.55; New Brunswick, \$4.00; Nova Scotia, \$4.00; Prince Edward Island, \$4.00; Newfoundland, \$4.00.
11. Statistics Canada. Income Distributions by Size in Canada, 1986 (Ottawa: Minister of Supply and Services Canada, 1987), p. 165. Data based on revised (1978) low income cut-offs.
12. All data in the paragraph are from the Statistics Canada report cited in the previous footnote.
13. The poverty line for a family of four living in a metropolitan center was \$21,663 in 1986, which represents 46.9 percent of the 1986 average income of \$46,206 for a family of four. For a family of four living in a city with 100,000 to 499,999 residents, the 1986 poverty line was \$20,588 or 44.6 percent of the average income for a four-person family.
14. The poverty line for one person living in a metropolitan center was \$10,651 in 1986, which represents 47.5 percent of the average weekly wage (on an annual basis) for 1986 (\$22,409).
15. The average income is for Canadian families of four. The average income for Toronto families of four, which is not available, would be higher. The CCSD poverty lines were calculated by the National Council of Welfare.
16. Average incomes are for Canada; figures for metropolitan centers, which are not available, would be higher.
17. These are technically known as the "low income cut-offs (1978) base". The "1978" refers to the Family Expenditure Survey data on which the cut-offs are based. Table 2 also presents low income cut-offs (1978) base.

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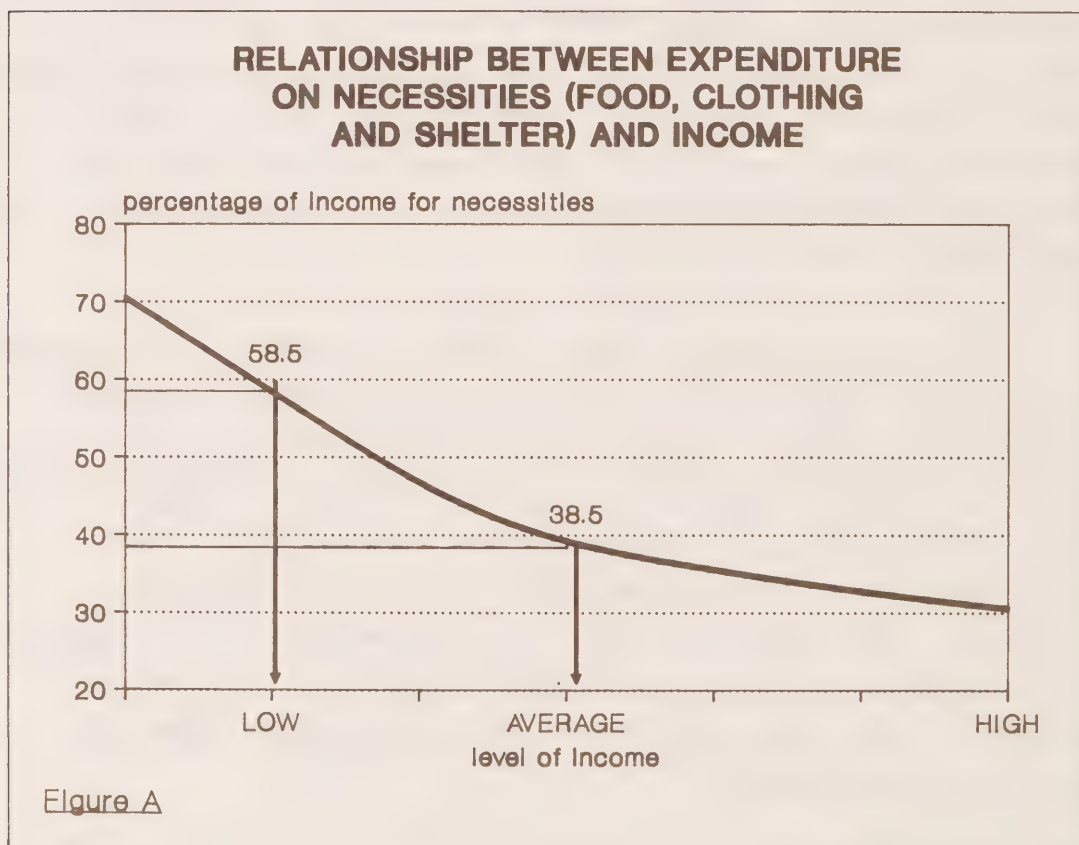
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The 1978 Survey of Family Expenditure found that Canadian families spend on average 38.5 percent of their income on food, clothing and shelter. Since poor families devote an above-average proportion of their limited income to basic necessities,¹ the low income cut-offs are set at levels where, on average, 58.5 percent of income (20 percentage points above the average) goes to the essentials of life.² Any family or single person with an income at or below the relevant poverty line is defined as low-income. (Since the 1982 Survey of Family Expenditure found little significant change in these proportions, Statistics Canada has continued to base its low income cut-offs on the 58.5 percent criterion).³

Income is defined as money income received by all family members 15 years and older from the following sources: wages and salaries (before deductions for taxes, unemployment insurance, pensions, etc.), net income from self-employment, investment income (interest, dividends, rental income, etc.), government transfer payments (e.g., Family Allowances, the Child Tax Credit, Old Age Security, refundable provincial tax credits), pensions (e.g., retirement pensions, annuities and superannuation) and miscellaneous income (e.g., scholarships, alimony).⁴ Thus the poverty lines are based on **gross** rather than net (after-tax) income.

The definition of income excludes the following: gambling wins and losses, capital gains or losses, lump-sum inheritances, receipts from the sale of property or personal belongings, income tax refunds, loans received or repaid, lump-sum settlements of insurance policies and income in kind (e.g., food and fuel produced on one's own farm).

Figure A is a symbolic representation of how the poverty lines are determined.⁵ The curved line links expenditure on necessities with level of income: the higher the income, the lower the proportion devoted to necessities, for the simple reason that there is more money available to cover the cost of food, clothing and shelter. In fact higher-income Canadians spend more in absolute terms on necessities even though that expenditure is low in relative (percentage) terms.



The average family spends 38.5 percent of its income on necessities. To establish the low income cut-offs, Statistics Canada in effect finds the point on the curved line where 58.5 percent (38.5 plus 20) of income goes to food, clothing and shelter and then drops a vertical line down to the income axis (the straight line at the bottom of the graph) to find the level of income that corresponds to the 58.5 percent expenditure. That level of income is termed the "low income cut-off" (or "poverty line", in everyday speech).

A Set of Poverty Lines

There is no single poverty line for all of Canada. To take into account two factors which affect living costs, Statistics Canada varies its low income cut-offs according to the size of the family and the place of residence.

There are seven categories of family size ranging from one person to seven or more persons. Communities are divided into five groups according to population: metropolitan areas with half a million or more residents (Vancouver, Edmonton, Calgary, Winnipeg, Hamilton, Toronto, Ottawa-Hull, Montreal and Quebec City), large cities (100,000 to 499,999), medium-sized cities (30,000 to 99,999), smaller centers (cities of 15,000 to 30,000 and small urban areas under 15,000) and rural areas (both farm and non-farm). The result is a set of 35 poverty lines as listed in Table 1 on page 9.

The low-income lines shown in the first two columns of Table 1 apply to the majority of the population: six in ten families and seven in ten unattached Canadians live in cities of 100,000 or more.

Estimating the Poverty Lines

Statistics Canada's low income cut-offs are updated each year according to the change in the cost of living as measured by the Consumer Price Index. The figures in Table 1 were calculated by the National Council of Welfare on the basis of a projected inflation rate of **four percent** for 1989.

If the average Consumer Price Index for 1989 turns out to be more than four percent higher than 1988, then the actual 1989 poverty lines will be higher than our estimates. Conversely, a 1989 inflation rate below four percent will produce final poverty lines that are lower than those shown in Table 1. Previous National Council of Welfare estimates have proved very close to the actual poverty lines; our 1988 estimates were less than one-tenth of one percent off the final figures.

Table 2 on page 10 gives the low income cut-offs for 1980 through 1988.

The Poverty Lines in Context

In response to those who believe Statistics Canada's low-income lines are too high, it is worth pointing out that alternate measures produce higher poverty lines. The Canadian Council on Social Development, which sets its poverty line at one-half of average family income, published a set of poverty lines for 1984 that for the most part exceeded Statistics Canada's low income cut-offs (the latter were higher only for single persons living in cities with 100,000 or more residents). Our estimates indicate that the situation is the same in 1989.⁶

A national survey by Health and Welfare Canada found that aged Canadians reported an average after-tax income of \$10,600 as necessary "to cover essential needs" in 1981 - substantially **higher** than the Statistics Canada low income lines for one person, which in 1981 ranged from \$5,949 for rural areas to \$8,045 for the largest cities.⁷ This finding is significant in two ways. First, it shows what a sizeable segment of the population itself regards as a minimally adequate income, as opposed to a poverty line determined according to a formula. Moreover the survey indicates that, at least in the eyes of elderly Canadians, the Statistics Canada low income lines are anything but generous.

Even more telling are results from a Gallup poll taken in May of 1988 which asked respondents what they consider "the least amount of money a family of four - husband, wife and two children - needs each week to get along". The average amount was \$452 a week. The average weekly poverty level for a family of four was \$399 in 1988 - **less** than the Gallup result.⁸ On an annual basis, the average poverty line income came to \$20,722 in 1988 - fully \$2,782 **below** the Gallup average minimum income of \$23,504.

In any event, the debate over what is the 'right' poverty line and the 'real' number of poor people contributes little if anything to an understanding of the economic situation of low-income Canadians. Poverty lines only establish the upper limit of the low-income population. Most poor Canadians live on incomes that are hundreds and more often thousands of dollars under the poverty line. Few people would regard these incomes as adequate by any standard.

Take, as an illustration, a single mother on welfare who supports one child aged two and lives in the largest city in her province. Her family's total income from provincial social assistance

and refundable tax credits and federal family allowances and the child tax credit ranged from 59 percent to 84 percent of the poverty line in 1986, depending on her province of residence. If she lives in Toronto, her income in 1989 will be an estimated \$12,311, which represents just 65 percent of the amount the Social Planning Council of Metropolitan Toronto considers necessary for her family to maintain "an adequate but modest" standard of living.⁹ The gap between her income and the Social Planning Council's basic income level is wide - over \$6,500.

The adult minimum wage ranges from \$4.00 an hour in the federal jurisdiction to \$5.00 an hour in the Northwest Territories. (A typical rate is \$4.50 an hour, payable in Prince Edward Island, Nova Scotia, Saskatchewan, Alberta and British Columbia). A worker in Nova Scotia paid the provincial minimum wage (\$4.50 an hour) will earn \$9,360 in 1989 from a full-time year-round job. This wage is below the poverty line for all communities except for rural areas where the poverty line is \$8,903; for example, the poverty line for Halifax is \$11,434. After paying federal and provincial income taxes, Canada Pension Plan contributions and unemployment insurance premiums, the minimum wage worker will take home \$8,305, which is only \$160 a week.¹⁰

By conservative estimate 3,535,000 Canadians - one in seven - lived on low incomes in 1987, the most recent year for which data is available. The provincial poverty rate ranged widely from 10.3 percent in well-off Ontario to 20.8 percent in economically disadvantaged Newfoundland. There are 777,000 families and 1,016,000 unattached individuals with incomes below the poverty line. Close to a million children under 16 - 955,000 or one in six - are in low-income families. Two-thirds of children being raised by female single parents are poor.¹¹

Unattached elderly women (i.e., those who live alone or in a household where they are not related to other members) run a very high risk of poverty: 40.3 percent were poor at last count. Over half (56.6 percent) of sole-support mothers raise their children on an income below the poverty line.¹²

Poor Canadians have incomes substantially below average. The poverty line for a family of four is less than half (45 percent) of the average income for a family of four.¹³ The low income line for one person living in a metropolitan area is 48 percent of the average wage.¹⁴ Keep in mind that most poor people have incomes that are significantly less than the poverty line, so that the income gap between them and the average Canadian is even wider.

Figure B on page 8 compares Statistics Canada's 1987 low income cut-off for four-person families in metropolitan areas with two other measures - the Canadian Council on Social Development's poverty line and the Social Planning Council of Metropolitan Toronto's "adequate but modest" budget guideline for a Toronto couple with two children aged eight and thirteen. The Statistics Canada line is the lowest of the various low income levels.

Figure C contrasts the Statistics Canada low income line for metropolitan centers with the average income in 1987 for single Canadians and families of different sizes.¹⁵ The poverty line is much lower than average incomes, especially for families.

Poverty Statistics

Statistics Canada's low income cut-offs are used to produce annual data on the size and characteristics of Canada's low-income population. The most recent statistics, for 1987, are analyzed in the National Council of Welfare's report Poverty Profile 1989.

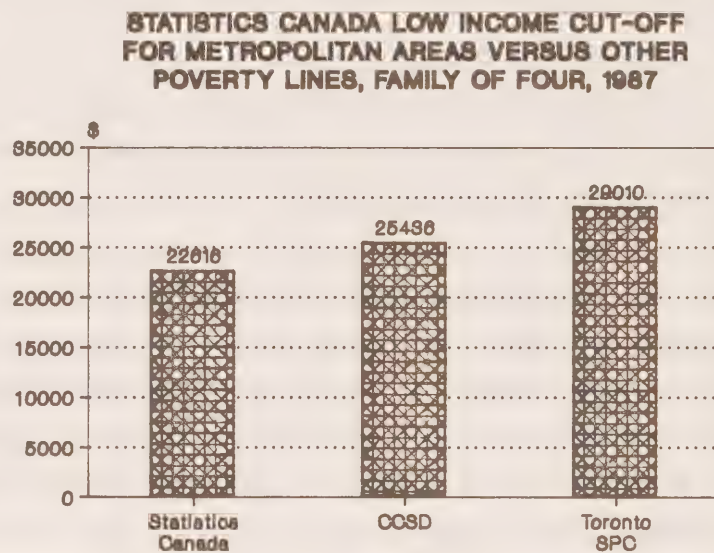


Figure B

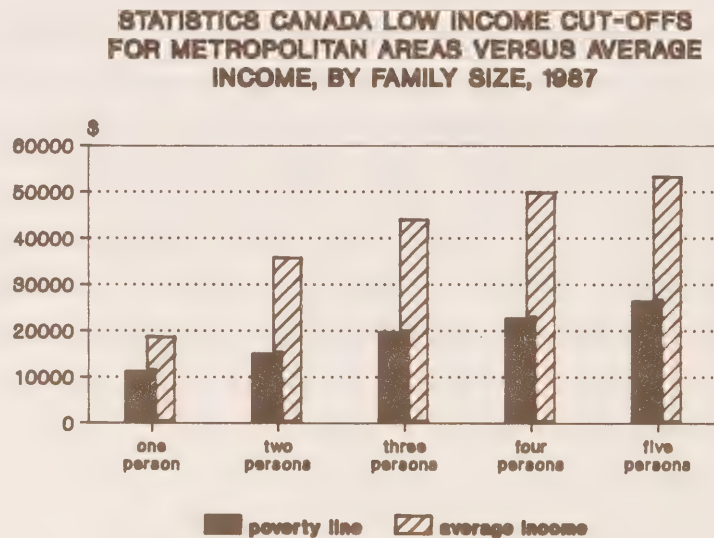


Figure C

TABLE 1

**NATIONAL COUNCIL OF WELFARE ESTIMATES
OF LOW INCOME LINES FOR 1989¹⁶**

	<u>Population of Area of Residence</u>				<u>Rural</u>
	500,000 and over	100,000 - 499,999	30,000 - 99,999	Less than 30,000	
<u>Family Size</u>					
1	\$12,037	\$11,432	\$10,725	\$ 9,915	\$ 8,901
2	15,881	15,074	14,063	13,048	11,634
3	21,245	20,132	18,815	17,502	15,578
4	24,481	23,266	21,749	20,231	18,009
5	28,526	27,011	25,189	23,469	20,942
6	31,157	29,437	27,516	25,593	22,862
7 or more	34,294	32,473	30,349	28,223	25,189

Table 2

STATISTICS CANADA REVISED
LOW INCOME CUT-OFFS, 1980 TO 1988¹⁶

Population of Area of Residence

	<u>500,000 and over</u>	<u>100,000 - 499,999</u>	<u>30,000 - 99,999</u>	<u>Less than 30,000</u>	<u>Rural</u>
<u>Family Size</u>			<u>1980</u>		
1	\$ 7,152	\$ 6,792	\$ 6,371	\$ 5,890	\$ 5,289
2	9,436	8,955	8,355	7,753	6,912
3	12,622	11,961	11,179	10,398	9,256
4	14,545	13,823	12,922	12,020	10,699
5	16,949	16,047	14,966	13,943	12,441
6	18,511	17,490	16,348	15,206	13,583
7 or more	20,375	19,293	18,031	16,769	14,966
			<u>1981</u>		
1	\$ 8,045	\$ 7,640	\$ 7,167	\$ 6,626	\$ 5,949
2	10,614	10,073	9,398	8,721	7,775
3	14,198	13,455	12,575	11,697	10,412
4	16,361	15,549	14,536	13,521	12,035
5	19,066	18,051	16,835	15,684	13,995
6	20,823	19,674	18,390	17,105	15,279
7 or more	22,919	21,702	20,283	18,863	16,835
			<u>1982</u>		
1	\$ 8,914	\$ 8,466	\$ 7,941	\$ 7,342	\$ 6,592
2	11,761	11,162	10,414	9,663	8,615
3	15,732	14,909	13,934	12,961	11,537
4	18,129	17,229	16,107	14,982	13,336
5	21,126	20,002	18,654	17,379	15,507
6	23,073	21,800	20,377	18,953	16,930
7 or more	25,396	24,047	22,475	20,901	18,654

Table 2 (Cont'd)

Population of Area of Residence

<u>Family Size</u>	<u>500,000 and over</u>	<u>100,000 - 499,999</u>	<u>30,000 - 99,999</u>	<u>Less than 30,000</u>	<u>Rural</u>
<u>1983</u>					
1	\$ 9,429	\$ 8,955	\$ 8,400	\$ 7,766	\$ 6,973
2	12,440	11,807	11,016	10,221	9,113
3	16,641	15,770	14,739	13,710	12,203
4	19,176	18,224	17,037	15,847	14,106
5	22,346	21,157	19,731	18,383	16,403
6	24,406	23,059	21,554	20,048	17,908
7 or more	26,863	25,436	23,773	22,108	19,731
<u>1984</u>					
1	\$ 9,839	\$ 9,345	\$ 8,766	\$ 8,104	\$ 7,276
2	12,981	12,321	11,495	10,666	9,510
3	17,365	16,456	15,380	14,307	12,734
4	20,010	19,017	17,778	16,537	14,720
5	23,318	22,078	20,590	19,183	17,117
6	25,468	24,062	22,492	20,920	18,687
7 or more	28,032	26,543	24,807	23,070	20,590
<u>1985</u>					
1	\$10,233	\$ 9,719	\$ 9,117	\$ 8,429	\$ 7,568
2	13,501	12,815	11,956	11,093	9,891
3	18,061	17,115	15,996	14,880	13,244
4	20,812	19,779	18,490	17,200	15,310
5	24,252	22,963	21,415	19,952	17,803
6	26,488	25,026	23,393	21,758	19,436
7 or more	29,155	27,606	25,801	23,994	21,415
<u>1986</u>					
1	\$10,651	\$10,116	\$ 9,490	\$ 8,774	\$ 7,877
2	14,053	13,339	12,445	11,546	10,295
3	18,799	17,815	16,650	15,488	13,785
4	21,663	20,588	19,246	17,903	15,936
5	25,243	23,902	22,290	20,768	18,531
6	27,571	26,049	24,349	22,647	20,231
7 or more	30,347	28,735	26,856	24,975	22,290

Table 2 (Cont'd)

<u>Population of Area of Residence</u>					
	<u>500,000 and over</u>	<u>100,000 - 499,999</u>	<u>30,000 - 99,999</u>	<u>Less than 30,000</u>	<u>Rural</u>
<u>Family Size</u>	<u>1987</u>				
1	\$11,118	\$10,559	\$ 9,906	\$ 9,158	\$ 8,222
2	14,669	13,923	12,990	12,052	10,746
3	19,623	18,595	17,379	16,166	14,389
4	22,612	21,490	20,089	18,687	16,634
5	26,349	24,949	23,266	21,678	19,343
6	28,779	27,190	25,416	23,639	21,117
7 or more	31,676	29,994	28,032	26,069	23,266
	<u>1988</u>				
1	\$11,574	\$10,992	\$10,312	\$ 9,533	\$ 8,559
2	15,270	14,494	13,523	12,546	11,187
3	20,428	19,357	18,092	16,829	14,979
4	23,539	22,371	20,913	19,453	17,316
5	27,429	25,972	24,220	22,567	20,136
6	29,959	28,305	26,458	24,608	21,983
7 or more	32,975	31,224	29,181	27,138	24,220

FOOTNOTES

1. Families and unattached individuals (the latter means persons living alone or in a household where they are not related to the other members) in the lowest income quintile (i.e., the bottom 20 percent of the income ladder) devoted 57.5 percent of their income to food, clothing and shelter in 1982. Those in the next-to-the lowest quintile spent on average 45.6 percent of their income on food, clothing and shelter. For each higher quintile, the proportion of income spent on necessities was lower; family units in the highest 20 percent devoted only 33 percent of their income to food, clothing and shelter. These calculations are based on expenditure data presented in Statistics Canada's Family Expenditure in Canada, 1982 (Ottawa: Minister of Supply and Services Canada, 1984), Table 31.
2. See Statistics Canada, "Revision of Low Income Cut-offs", Income Distributions by Size in Canada, 1980 (Ottawa: Minister of Supply and Services Canada, 1982), pp. 120-128.
3. After analyzing 1986 family expenditure data, Statistics Canada concluded that the resulting changes to the low income cut-offs were "mixed and relatively small" and thus decided to stick with the 1978 base lines. In fact the 1986 base lines were generally higher than those based on the 1978 family expenditure data, resulting in higher estimates of the number and percentage of low-income Canadians, particularly among the elderly. Statistics Canada is currently reviewing its low-income measures and may modify them starting in 1989. See Income Distributions by Size in Canada, 1987 (Ottawa: Minister of Supply and Services Canada, 1988), pp. 173-175.
4. Statistics Canada. Income Distributions by Size in Canada, 1987 (Ottawa: Minister of Supply and Services Canada, 1988), pp. 28-30.
5. This graph is **not** intended to be a precise depiction of the actual curve linking expenditure on necessities to income. For more information on this subject, see Statistics Canada's Rebasing Low Income Cut-offs to 1978 (Ottawa: Minister of Supply and Services Canada, 1983).
6. The Canadian Council on Social Development sets its poverty line for a family of three at one-half of average family income. Its poverty lines for families of different sizes are established by applying a weighting system in which a family unit of one person gets three points; a family of two, five points; a family of three, six points; a family of four, seven points; a family of five, eight points; and each larger size family an additional point. Unlike Statistics Canada's low income cut-offs, the CCSD poverty lines are not adjusted

according to size of place of residence because the CCSD holds that living costs vary neither significantly nor systematically by community size.

The CCSD estimated its 1984 poverty lines as follows: \$9,056 for one person; \$15,094 for a family of two; \$18,113 for three; \$21,131 for four; \$24,150 for five; and \$27,169 for a family of six. Table 2 in our paper shows that Statistics Canada's 1984 low income cut-offs for one person were \$9,839 for a metropolitan area and \$9,345 for a city of 100,000 to 499,999, but they were lower than the CCSD line in the case of smaller communities (the CCSD line was \$9,056; the Statistics Canada 1984 lines were \$8,766 for communities of 30,000 to 99,999, \$8,104 for urban centers under 30,000 and \$7,276 for rural areas). The CCSD lines for families of two and larger exceed the Statistics Canada lines for all community sizes. See Not Enough: The Meaning and Measurement of Poverty in Canada (Ottawa: Canadian Council on Social Development, 1984), pp. 42 and 69.

Our own (unofficial) estimates of the CCSD poverty lines for 1989 are as follows: \$11,800 for one person; \$19,667 for two; \$23,600 for three; \$27,533 for four; \$31,467 for five; \$35,400 for a family of six. The estimated CCSD line for one person is lower than the estimated Statistics Canada low income cut-offs for metropolitan areas (\$12,039) only, while the estimated CCSD lines for all other sizes of family and community are higher. The interested reader should contact the Canadian Council on Social Development for more information on its poverty lines.

7. Income Security Programs Branch. Survey of Old Age Security and Canada Pension Plan Retirement Benefit Recipients, July 1981 (Ottawa: Health and Welfare Canada, 1983), Summary. This survey found that respondents reported an average of \$10,622 as an adequate income for 1981, where adequate was defined as "income (after taxes) necessary to cover essential needs".
8. Gallup results as reported in "Families need \$452 weekly, poll says", Toronto Star, May 9, 1988. The \$399 figure is the average of the poverty lines for a family of four living in the five different size communities, ranging from metropolitan centers of 500,000 and above to rural areas. If we look only at the average poverty line for cities of 100,000 or more, the figure for 1988 - \$442 - is also less than the Gallup average (\$482) for respondents living in cities of 100,000 or more.
9. Welfare income calculations are from the National Council of Welfare's report Welfare in Canada: the Tangled Safety Net. The Social Planning Council of Metropolitan Toronto suggests that a mother with one child aged three needed \$17,378 in 1986 for an adequate standard of living; our estimate for 1989 is \$18,814. The mother in question

works in the home rather than in the paid labor force. The Social Planning Council's standards of adequacy are determined by committees of persons knowledgeable about the costs of food, clothing, shelter, health and personal care, transportation, household maintenance and other expenditures required to maintain an adequate living standard in Toronto.

10. Gross earnings are calculated on the basis of 40 hours a week, 52 weeks a year. Net income is gross earnings plus federal sales tax credit less Canada Pension Plan contributions, unemployment insurance premiums, and federal and provincial income tax. Minimum wage rates are as follows: federal, \$4.00 an hour; Yukon, \$4.75; Northwest Territories, \$5.00; British Columbia, \$4.50; Alberta, \$4.50; Saskatchewan, \$4.50; Manitoba, \$4.70; Ontario, \$4.75; Quebec, \$4.75; New Brunswick, \$4.25; Nova Scotia, \$4.50; Prince Edward Island, \$4.50; Newfoundland, \$4.25.
11. Statistics Canada. Income Distributions by Size in Canada, 1987 (Ottawa: Minister of Supply and Services Canada, 1988), p. 163. Data based on revised (1978) low income cut-offs.
12. All data in the paragraph are from the Statistics Canada report cited in the previous footnote.
13. The poverty line for a family of four living in a metropolitan center was \$22,616 in 1987, which represents 45.4 percent of the 1987 average income of \$49,816 for a family of four. For a family of four living in a city with 100,000 to 499,999 residents, the 1987 poverty line was \$21,494 or 43.1 percent of the average income for a four-person family.
14. The poverty line for one person living in a metropolitan center was \$11,120 in 1987, which represents 48.3 percent of the average weekly wage (on an annual basis) for 1987 (\$23,022).
15. Average incomes are for Canada; figures for metropolitan centers, which are not available, would be higher.
16. These are technically known as the "low income cut-offs (1978) base". The "1978" refers to the Family Expenditure Survey data on which the cut-offs are based. Table 2 also presents low income cut-offs (1978) base.

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NATIONAL COUNCIL OF WELFARE

The National Council of Welfare was established by the Government Organization Act, 1969 as a citizens' advisory body to the Minister of National Health and Welfare. Its mandate is to advise the Minister on matters pertaining to welfare.

The Council consists of 21 members, drawn from across Canada and appointed by the Governor-in-Council. All are private citizens and serve in their personal capacities rather than as representatives of organizations or agencies. The membership of the Council has included past and present welfare recipients, public housing tenants and other low-income citizens, as well as lawyers, professors, social workers and others involved in voluntary service associations, private welfare agencies, and social work education.

Reports by the National Council of Welfare deal with a wide range of issues on poverty and social policy in Canada, including: income security programs, medicare, poverty lines and poverty statistics, the retirement income system, the aged, tax reform, the working poor, children in poverty, community economic development, women and poverty, employment policy, single-parent families, social services, nutrition, community organizing, child welfare, poor people's groups, legal aid/legal services, low-income consumers, poverty coverage in the press and welfare reform.

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